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天溢果業控股有限公司
Tianyi Fruit Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock code: 00756)

INTERIM RESULTS ANNOUNCEMENT
For the six months ended 31 December 2009

The board of directors (the "Directors") of Tianyi Fruit Holdings Limited (the "Company") is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 31 December 2009, along with the comparative figures and selected explanatory notes, which are prepared in accordance with the International Financial Reporting Standards ("IFRSs") promulgated by the International Accounting Standards Board ("IASB"), and have been reviewed by the audit committee of the Company.

CONSOLIDATED INCOME STATEMENT
For the six months ended 31 December 2009

	Note	**Six months ended 31 December 2009** *RMB'000* **(unaudited)**	2008 *RMB'000* (unaudited)
Revenue	*3*	**183,996**	165,208
Cost of sales		**(126,973)**	(129,033)
Gross profit		**57,023**	36,175
Gain from changes in fair value of biological assets less estimated point-of-sale costs		**77,125**	44,352
Other income	*4*	**1,770**	1,894
Distribution costs		**(11,679)**	(4,276)
Administrative expenses		**(17,907)**	(10,955)
Other expenses		**(258)**	(104)
Profit from operations		**106,074**	67,086
Finance income		**357**	884
Finance expenses		**(283)**	(755)
Net finance income	*6*	**74**	129

CONSOLIDATED INCOME STATEMENT *(Continued)*
For the six months ended 31 December 2009

	Note	**Six months ended 31 December 2009** *RMB'000* **(unaudited)**	2008 *RMB'000* (unaudited)
Profit before taxation		**106,148**	67,215
Income tax	*7*	**(12,795)**	(19,496)
Profit for the period		**93,353**	47,719
Attributable to:			
Equity shareholders of the Company		**91,660**	47,719
Non-controlling interest		**1,693**	—
Profit for the period		**93,353**	47,719
Earnings per share (RMB cents)			
Basic	*8*	**9.16**	4.83
Diluted	*8*	**9.01**	4.83
Interim dividend	*11*	**—**	—

CONSOLIDATED BALANCE SHEET

As at 31 December 2009

	Note	**As at 31 December 2009** *RMB'000* **(unaudited)**	As at 30 June 2009 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment		**145,836**	108,360
Land use rights		**11,406**	3,416
Rental prepayments		**29,378**	35,751
Pledged bank deposits		**5,100**	5,100
Deferred tax assets		**—**	813
		191,720	153,440
Current assets			
Inventories		**87,895**	9,561
Biological assets		**5,006**	55,258
Rental prepayments		**13,034**	14,570
Trade and other receivables	*9*	**137,290**	65,103
Time deposits		**2,675**	2,678
Cash and cash equivalents		**183,067**	193,121
		428,967	340,291
Total assets		**620,687**	493,731
Current liabilities			
Trade and other payables	*10*	**27,228**	18,928
Income tax payables		**8,987**	3,304
		36,215	22,232
Net current assets		**392,752**	318,059
Total assets less current liabilities		**584,472**	471,499
Non-current liabilities			
Deferred income		**23,600**	11,000
Loans and borrowings		**5,100**	5,100
Deferred tax liabilities		**1,425**	725
		30,125	16,825
Total liabilities		**66,170**	39,057
Net assets		**554,347**	454,674
Capital and reserves			
Share capital		**8,822**	8,791
Reserves		**543,732**	445,783
Total equity attributable to equity shareholders of the Company		**552,554**	454,574
Non-controlling interest		**1,793**	100
Total equity		**554,347**	454,674

Notes:

1. REPORTING ENTITY

Tianyi Fruit Holdings Limited (the "Company") is a company incorporated in the Cayman Islands. The unaudited interim financial report of the Company as at and for the six months ended 31 December 2009 comprises the Group.

2. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with International Accounting Standard ("IAS") 34 "Interim financial reporting", issued by IASB. It was authorised for issue on 26 February 2010.

3. SEGMENT INFORMATION

The Group manages its businesses by business lines. On first-time adoption of IFRS 8 and in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following five reportable segments. Certain operating segments in Fujian and Chongqing have been aggregated to form the following reportable segments as management consider they are of similar economic characteristics.

— Fresh oranges for wholesale. This segment carries on the business of cultivation and selling of oranges to third party customers.

— Oranges for production of frozen concentrated orange juice ("FCOJ") and its related products. This segment carries on the business of cultivation of oranges for production of FCOJ, FCOJ fibre and Orange pulp.

— FCOJ. This segment carries on the business of manufacturing and distribution of FCOJ, which is produced through a sequence of processes including crushing, pressing, pasteurisation and concentrating by using oranges as raw material. FCOJ is mainly used by the external customers for production of fruit juice and blended fruit juice.

— FCOJ fibre. This segment carries on the business of manufacturing and distribution of FCOJ fibre, which is a mixture of FCOJ with lower concentration rate and orange pulp sac. FCOJ fibre is mainly used by the external customers for production of pulpy fruit juice and blended fruit juice.

— Orange pulp. This segment carries on the business of manufacturing and distribution of orange pulp, which is a by-product from the production process of FCOJ. Orange pulp is mainly used by the external customers for production of blended fruit juice.

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

(a) Segment results

In accordance with IFRS 8, segment information disclosed in the interim financial report has been prepared in a manner consistent with the information used by the Group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

The measure used for reporting segment profit is "gross profit less sales tax and surcharges as well as reversal of fair value gain upon sales".

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Six months ended 31 December 2009 (unaudited)						
	Fresh oranges for wholesale *RMB'000*	**Oranges for production of FCOJ and its related products** *RMB'000*	**FCOJ** *RMB'000*	**FCOJ fibre** *RMB'000*	**Orange pulp** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Revenue from external customers	**79,782**	**—**	**48,628**	**44,080**	**5,456**	**6,542**	**184,488**
Inter-segment revenue	**—**	**24,473**	**—**	**—**	**—**	**—**	**24,473**
Reportable segment revenue	**79,782**	**24,473**	**48,628**	**44,080**	**5,456**	**6,542**	**208,961**
Reportable segment profit	**32,466**	**12,002**	**20,576**	**28,100**	**4,696**	**1,584**	**99,424**

	Six months ended 31 December 2008 (unaudited)						
	Fresh oranges for wholesale *RMB'000*	Oranges for production of FCOJ and its related products *RMB'000*	FCOJ *RMB'000*	FCOJ fibre *RMB'000*	Orange pulp *RMB'000*	Others *RMB'000*	Total *RMB'000*
Revenue from external customers	64,004	—	84,674	—	5,285	11,487	165,450
Inter-segment revenue	—	11,280	—	—	—	—	11,280
Reportable segment revenue	64,004	11,280	84,674	—	5,285	11,487	176,730
Reportable segment profit	23,583	5,137	29,291	—	4,420	4,435	66,866

3. SEGMENT INFORMATION *(Continued)*

(b) Reconciliation of reportable segment revenues and profit

	Six months ended 31 December	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue		
Total revenues for reportable segments	**202,419**	165,243
Other revenue	**6,542**	11,487
Elimination of inter-segment revenue	**(24,473)**	(11,280)
Sales tax and surcharges	**(492)**	(242)
Consolidated revenue	**183,996**	165,208
Profit		
Total profit for reportable segments	**97,840**	62,431
Other profit	**1,584**	4,435
	99,424	66,866
Sales tax and surcharges	**(492)**	(242)
Reversal of fair value gain upon sales	**(41,909)**	(30,449)
Gain from changes in fair value of biological assets less estimated point-of-sale costs	**77,125**	44,352
Other income	**1,770**	1,894
Distribution costs	**(11,679)**	(4,276)
Administrative expenses	**(17,907)**	(10,955)
Other expenses	**(258)**	(104)
Net finance income	**74**	129
Consolidated profit before taxation	**106,148**	67,215

4. OTHER INCOME

	Six months ended 31 December	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Government grants	**1,770**	1,800
Others	**—**	94
	1,770	1,894

The Group received unconditional discretionary grants from various PRC government authorities in recognition of the Group's contribution to the development of the local agriculture industry. These government grants are not recurring in nature and are not only available to the Group. There is no assurance that the Group will receive these government grants in the future.

5. EXPENSE BY NATURE

The following expenses are included in cost of sales, distribution costs, administrative expenses and other expenses.

	Six months ended 31 December	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cost of inventories*	**126,973**	129,033
Depreciation*	**2,456**	1,635
Amortisation of land use rights	**65**	35
Amortisation of rental prepayments*	**7,909**	4,612
Auditors' remuneration	**853**	730
Transportation	**10,028**	3,188
Operating lease charges	**117**	57

* For the six months ended 31 December 2009 and 2008, cost of inventories includes RMB37,857,000 and RMB28,483,000 respectively relating to personnel expenses, depreciation expenses, amortisation of rental prepayments and operating lease charges.

6. NET FINANCE INCOME

	Six months ended 31 December	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest income on bank deposits	**(357)**	(884)
Finance income	**(357)**	(884)
Bank charges	**20**	8
Net foreign exchange loss	**263**	747
Finance expenses	**283**	755
Net finance income	**(74)**	(129)

7. INCOME TAX

Income tax in the consolidated income statement represents:

	Six months ended 31 December	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax expense		
Provision for PRC income tax	**11,282**	15,495
Deferred tax expense		
Origination and reversal of temporary differences	**1,513**	4,001
	12,795	19,496

(i) 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 BVI.

(ii) No provision has been made for Hong Kong profits tax as the Group did not have assessable profit subject to Hong Kong profits tax.

(iii) The provision for PRC income tax is based on the respective applicable rates on the estimated assessable income of the Group's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

Pursuant to the Corporate Income Tax Law of the People's Republic of China (the "New Tax Law"), the Group's subsidiaries engaged in the cultivation and selling of self-cultivated fresh oranges are entitled to exemption from corporate income tax.

The applicable income tax rate of the rest of the Group's operating subsidiaries in the PRC is 25%.

(iv) Pursuant to the New Tax Law, 10% withholding tax is levied on foreign investors (5% for foreign investors registered in Hong Kong) in respect of dividend distributions arising from a foreign investment enterprise's profit earned after 1 January 2008. As the Company controls the dividend policy of the Group's PRC subsidiaries, as at 31 December 2009, deferred tax liabilities of RMB1,425,000 (31 December 2008: RMB540,000) have been recognised in respect of the tax that would be payable on the portion of the retained profits of the Group's PRC subsidiaries which the directors expect to be distributed by them in the foreseeable future. Deferred tax liabilities of RMB7,950,000 have not been recognised as at 31 December 2009, as the directors consider it probable that a portion of the profits earned by the Group's PRC subsidiaries for the period from 1 January 2008 to 31 December 2009 would not be distributed in the foreseeable future.

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 31 December 2009 is based on the profit attributable to the equity shareholders of the Company of RMB91,660,000 (for the six months ended 31 December 2008: RMB47,719,000) and the weighted average of 1,000,712,500 ordinary shares (for the six months ended 31 December 2008: 987,771,739 shares) of the Company, calculated as follows:

Weighted average number of ordinary shares

	Six months ended 31 December	
	2009	2008
Issued ordinary shares	**100,000,000**	100,000,000
Effect of capitalisation issue	**650,000,000**	650,000,000
Effect of the initial public offering	**250,000,000**	237,771,739
Effect of share options exercised	**712,500**	—
Weighted average number of ordinary shares	**1,000,712,500**	987,771,739

(b) Diluted earnings per share

The amount of diluted earnings per share is the same as the basic earnings per share for the six months ended 31 December 2008 as there was no dilutive effect on earnings per share since all outstanding share options were anti-dilutive.

The calculation of diluted earnings per share for the six months ended 31 December 2009 is based on the profit attributable to equity shareholders of the Company of RMB91,660,000 and the weighted average number of ordinary shares outstanding (diluted), after adjusting for the effect of all dilutive potential ordinary shares, of 1,017,684,205, calculated as follows:

Weighted average number of ordinary shares (diluted)

	Six months ended 31 December 2009
Weighted average number of ordinary shares	1,000,712,500
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	16,971,705
Weighted average number of ordinary shares (diluted)	1,017,684,205

The average market value of the Company's shares for purpose of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

9. TRADE AND OTHER RECEIVABLES

	As at 31 December 2009 *RMB'000* (unaudited)	As at 30 June 2009 *RMB'000* (audited)
Trade receivables	**131,198**	63,702
Prepayments	**5,516**	445
Other receivables	**576**	956
	137,290	65,103

The Group generally grants credit terms of 90 days to its customers. An ageing analysis of the trade receivables as of the balance sheet dates is as follows:

	As at 31 December 2009 *RMB'000* (unaudited)	As at 30 June 2009 *RMB'000* (audited)
Within three months	**131,143**	63,658
Over three months but less than six months	**12**	42
Over six months but less than one year	**43**	2
	131,198	63,702

All of the trade and other receivables are expected to be recovered within one year.

10. TRADE AND OTHER PAYABLES

	As at 31 December 2009 *RMB'000* (unaudited)	As at 30 June 2009 *RMB'000* (audited)
Trade payables	**15,812**	9,960
Other payables and accrued expenses	**11,416**	8,968
	27,228	18,928

All of the trade and other payables are expected to be settled within one year. An ageing analysis of the trade payables of the Group is analysed as follows:

	As at 31 December 2009 *RMB'000* (unaudited)	As at 30 June 2009 *RMB'000* (audited)
Not past due	**15,812**	9,960

11. INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 31 December 2009 (six months ended 31 December 2008: nil).

BUSINESS REVIEW

The Group's revenue was primarily derived from the sale of frozen concentrated orange juice ("FCOJ") and its related products, fresh oranges, other concentrated fruit juice and dehydrated longans. According to statistics issued by the China Beverage Industry Association (中國飲料工業協會), the Group is one of the leading producers in the FCOJ industry in China in terms of production quantity.

In 2009, the fruit juice beverage market of China maintained a relatively rapid growth, in particular sustained by a healthy demand for orange juice beverages. FCOJ is the primary raw material for the production of orange juice beverages. China's existing production output of FCOJ is insufficient and relies mainly on imported products to meet its demand. There is a substantial gap between the production capacities of China and those of Brazil and the USA, the major FCOJ producing countries of the world.

The Group aims to maintain its leading position in the industry in China through continued expansion of production capacity and orange farm plantation area, improvement of product quality and product range to increase its share in the domestic market. After unrelenting efforts, the Group has achieved the following results during the period:

- The Group's new plant in Kai County, Chongqing completed construction and commenced operation in November 2009 with a designed annual production capacity of 10,000 tons, which doubled the Group's overall production capacity;
- The Group's newly leased orange farm with an area of 20,000 mu in Kai County, Chongqing had commenced to supply fresh oranges since the orange juice production season in 2009, which had increased the Group's land under cultivation by approximately 65% as compared with that of the same period last year;
- Kai County has been well-known for orange farming in China since the Han Dynasty. To leverage this historical tradition, we launched the fresh orange brand "Shangguo", with an aim to establish a premium fresh fruit brand to enhance the Group's sales and gross margin of fresh fruits; and
- The Group has launched a new product "FCOJ fibre", which is a mixture of fresh orange pulp sac and traditional FCOJ. This product enables juice makers to produce orange juice with pieces of pulp in it, a product which is seeing growing demand in China.

Since 1993, the Group has been operating in the FCOJ industry for 16 years and have accumulated extensive experience. The Group's customer base comprises major well-known beverage enterprises at home and abroad like Coca-Cola. The Group is also one of the few FCOJ producers to operate plantation bases in China. The Directors are of the opinion that the beverage market of China is undergoing a change with the advent of the era of fruit juice beverage. Utilizing our experience acquired over the years, the Group fully capitalized on this business opportunity to attain satisfactory results.

FINANCIAL REVIEW

The Group's interim financial results cover the six month period from 1 July 2009 to 31 December 2009.

During the period, the Group's revenue increased from approximately RMB165,208,000 for the same period last year (six months ended 31 December 2008) to RMB183,996,000, representing a growth of approximately 11.4%.

Revenue from the sale of frozen concentrated fruit juice grew from RMB101,446,000 for the same period last year to RMB104,706,000, representing an increase of 3.2%. Among them, revenue from the sale of FCOJ and orange pulp was RMB54,084,000 (same period last year: RMB89,959,000; Revenue from the sale of the new product FCOJ fibre was RMB44,080,000 (same period last year: nil).

Revenue from the sale of fresh oranges increased from approximately RMB64,004,000 for the same period last year to RMB79,782,000, representing an increase of about 24.7%. The growth was due to the increased sales volume of fresh oranges sold.

During the period, the average unit selling price of FCOJ was RMB11.75/kg (same period last year: RMB13.98/kg). The decrease in the unit price was mainly attributable to the significant decline in the international selling price of FCOJ in the first half of 2009, as a result of the financial tsunami and global economic recession. However, the situation had improved remarkably since the forth quarter of 2009. During the period, the average unit selling price of FCOJ fibre was RMB6.84/kg and that of fresh orange was RMB1.68/kg (same period last year: RMB1.68/kg).

During the period, the Group's gross profit amounted to RMB57,023,000, representing an increase of 57.6% as compared with RMB36,175,000 for the same period last year. The Group's gross profit for reportable segments (i.e. the gross profit before adjustments of fair value of biological assets, see note 3 on page 5) amounted to RMB99,424,000, representing an increase of 48.6% from RMB66,886,000 for the same period last year. The increase was mainly contributed by the introduction of the new product FCOJ fibre, which has a higher gross profit margin. Besides, the gross profit margin of FCOJ also improved as compared with that for the same period last year.

An analysis of the gross profit margin by products is set out below:

	Six months ended 31 December	
	2009	2008
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
FCOJ and orange pulp*	**47%**	37%
FCOJ fibre*	**64%**	n/a
Fresh oranges for wholesale*	**41%**	37%
Other concentrated juice products	**24%**	39%

* The costs of such products were before adjustment for fair value

The rise in gross profit margin of FCOJ and orange pulp was mainly attributable to the significant drop in the cost of oranges used for producing FCOJ, and the percentage decrease was significantly larger than that in the unit selling price of FCOJ. The gross profit margin of fresh oranges reported a slight increase over the same period last year, which was mainly due to lower average plantation cost as a result of the expansion in the citrus plantation area.

During the period, the Group's net profit was approximately RMB93,353,000, representing an increase of 95.6% as compared to RMB47,719,000 for the same period last year. The profit attributable to equity shareholders of the Company rose by 92.1% from RMB47,719,000 to RMB91,660,000.

The Group's distribution costs rose by 173.1% from RMB4,276,000 for the same period last year to RMB11,679,000, primarily as a result of considerable increase in transportation cost as the sales grow.

The Group's administrative expenses increased by 63.5% from RMB10,955,000 for the same period last year to RMB17,907,000, which was mainly attributable to (1) increased general office expenses as the Group expanded its operational scale; (2) increased salary, social insurance contributions and bonus for the management staff.

During the period, the Group's effective tax rate reduced to 12% (same period last year: 29%), which was mainly attributable to the restructuring of the Group's organisation structure, separating orange juice processing operation from orange plantation and sales operation under different companies. As a result, the fresh orange plantation and sales operation was benefited from China's favorable agricultural polices and was exempted from value-added tax and corporate income tax, while such operation was subject to corporate income tax for the same period last year.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity, Financial Resources and Capital Structure

As at 31 December 2009, the Group had cash and cash equivalents of RMB183,067,000 (30 June 2009: RMB193,121,000) and total loan of RMB5,100,000 (30 June 2009: RMB5,100,000). Approximately 97.9% and 2.1% (30 June 2009: 99.5% and 0.5%) of the cash and cash equivalents were held in RMB and Hong Kong dollars respectively. As the secured bank loan of RMB5,100,000 was an interest-free entrusted bank loan extended by a local finance bureau of the PRC, the Group did not have any interest-bearing borrowings as at 31 December 2009. All the borrowings of the Group were denominated in RMB.

As at 31 December 2009, the gearing ratio (which is calculated as total borrowings divided by total equity) of the Group was 0.9% (30 June 2009: 1.1%). The Group had current assets of RMB428,967,000 (30 June 2009: RMB340,291,000) and current liabilities of RMB36,215,000 (30 June 2009: RMB22,232,000). The current ratio (which is calculated as current assets divided by current liabilities) was 11.8 (30 June 2009: 15.3).

The Board's approach to manage liquidity of the Group is to ensure sufficient liquidity at any time to meet its matured liabilities to avoid any unacceptable losses or damage to the Group's reputation.

Foreign Exchange Exposure

The Group's sales and purchases were denominated in RMB. Therefore, the Group is not exposed to any significant foreign currency exchange risks and the Board does not expect any material impact on the Group's operations as a result of any future currency fluctuations. No financial instruments were employed by the Group for hedging purposes.

Capital Expenditure

During the period, the Group's total capital expenditure amounted to RMB47,989,000 (same period last year: RMB10,405,000), which was used in the acquisition of property, plant and equipment and land use rights.

Net Finance Income

During the period, net finance income of the Group was approximately RMB74,000 (same period last year: RMB129,000).

Charge on Assets

As at 31 December 2009, the Group had pledged bank deposits of RMB5,100,000 to secure bank loan granted to the Group (30 June 2009: pledged bank deposits of RMB5,100,000).

Contingent Liabilities

As at 31 December 2009, the Group had no material contingent liabilities (30 June 2009: nil).

HUMAN RESOURCES

As at 31 December 2009, the Group employed approximately 691 employees (30 June 2009: 310 employees). The Group offered competitive remuneration package, discretionary bonuses and social insurance benefits to its employees. A share option scheme was also adopted for the employees of the Group.

PROSPECTS

Following the commencement of operation of the new plant in Kai County, Chongqing, the Group's production capacity has grown significantly. However, when compared with the overall demand for FCOJ in China, our capacity falls short of meeting market demand. Looking into the future, the Group intends to continue put efforts in the following aspects:

(1) To expand production capacity through acquisitions

The annual demand for FCOJ in China is approximately 100,000 tons. At present, much of the demand has to be met by imports. The Group plans to keep expanding its production capacity through acquisitions to satisfy market demand.

(2) To continue to expand the area of land under cultivation

The Directors believe that the operation of plantation bases helps to secure the supply of raw materials. Therefore, the Group plans to continue to grow the area of land under cultivation by leasing more orange farms in Kai County, Chongqing. In addition, the Group plans to lease raw land in Kai County, Chongqing to set up a modernized orange plantation base with high standard that will meet the Group's demand for raw materials in the years to come.

(3) To strengthen the promotion of "Shangguo" brand and to expand the fresh fruit distribution network

The sale of fresh fruit represents one of the Group's major revenue sources. The Group plans to strengthen the marketing and promotion activities for "Shangguo" brand and to expand fresh fruit sales network, thereby enhancing the sales and gross profit margin of fresh fruits.

(4) To develop tropical fruit juice

There is an increasing demand for tropical fruits and tropical fruit juice in China. Hainan is the major production area of tropical fruits in China. In order to capture the market opportunities, the Group is planning to research and develop different types of tropical fruit juice in Hainan, so as to create a new profit centre for the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the period, there was no material acquisition and disposal of subsidiaries and associated companies by the Company.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE AND THE LISTING RULES

Save as disclosed below, the Board considered that, during the six months ended 31 December 2009, the Company had complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 to the Listing Rules.

Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. On 21 September 2009, the former chairman Mr. Hong Hong U resigned as a Director and the chairman of the Board. Mr. Sin Ke was elected as the chairman of the Board on the same date and he is also the chief executive officer of the Company. This deviates from the code provision A.2.1.

Mr. Sin has extensive experience in the FCOJ industry. He has the appropriate standing, management skills and business acumen that are essential prerequisites for assuming the two roles. The Board believes that vesting both roles in Mr. Sin provides the Group with strong and consistent leadership and, at the same time, allows for the continuous effective operations and development of the Group's business. As such, the structure is beneficial to the Group and the shareholders as a whole.

The Company understands the importance to comply with the code provision A.2.1 and will continue to consider the feasibility of appointing different persons to assume the roles of the chairman and the chief executive officer. The Company will make timely announcement if such decision has been made.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by the Directors adopted by the Company during the six months ended 31 December 2009.

AUDIT COMMITTEE

The audit committee of the Company had reviewed with management of the Group the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters including the review of the unaudited interim financial report and the interim report of the Group for the six months ended 31 December 2009.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 31 December 2009 (six months ended 31 December 2008: nil).

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

Quanzhou, Fujian Province, The People's Republic of China
26 February 2010

As at the date of this announcement, the executive directors are Mr. SIN Ke and Mr. SAN Kwan; and the independent non-executive directors are Mr. TU Zongcai, Mr. ZHUANG Weidong and Mr. ZHUANG Xueyuan.