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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

CORPORATE INFORMATION

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Sin Ke
Mr. San Kwan

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhuang Xueyuan
Mr. Zhuang Weidong
Mr. Tu Zongcai

COMPANY SECRETARY

Mr. Kwong Ping Man *CPA, ACIS, ACS*

AUTHORISED REPRESENTATIVES

Mr. San Kwan
Mr. Kwong Ping Man

AUDIT COMMITTEE

Mr. Zhuang Xueyuan *(Chairman)*
Mr. Tu Zongcai
Mr. Zhuang Weidong

REMUNERATION COMMITTEE

Mr. Sin Ke *(Chairman)*
Mr. Zhuang Weidong
Mr. Zhuang Xueyuan

NOMINATION COMMITTEE

Mr. Sin Ke *(Chairman)*
Mr. Tu Zongcai
Mr. Zhuang Weidong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2311, Tower One, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

REGISTERED OFFICE

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

AUDITORS

KPMG

COMPLIANCE ADVISOR

Evolution Watterson Securities Limited

LEGAL ADVISORS AS TO HONG KONG LAWS

Loong & Yeung, Solicitors

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia) Limited
The Hongkong and Shanghai Banking Corporation Limited
Agricultural Bank of China, Quanzhou branch
Quanzhou City Commercial Bank

SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Appleby Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

COMPANY WEBSITE

www.tianyi.hk

FINANCIAL HIGHLIGHTS

	Six months ended 31 December		
	2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)	Change %
Revenue	**183,996**	165,208	+11.4%
Gross profit	**57,023**	36,175	+57.6%
Profit for the period	**93,353**	47,719	+95.6%
Profit attributable to Shareholders	**91,660**	47,719	+92.1%
Earnings per share — Basic (RMB cents)	**9.16**	4.83	+89.6%
— Diluted (RMB cents)	**9.01**	4.83	+86.5%

The board (the "Board") of directors (the "Directors") of Tianyi Fruit Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together, the "Group") for the six months ended 31 December 2009 together with the comparative figures for the corresponding period in 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

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. With this product, the juice makers can produce orange juice with pieces of fresh 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 the 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 production 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).

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).

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.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2009, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") are as follows:

1. INTERESTS AND SHORT POSITION IN THE SHARES (THE "SHARES") OF THE COMPANY

Name of Directors	Capacity/Nature	No. of Shares	Percentage of issued share capital of the Company
Mr. Sin Ke ("Mr. Sin")	Interest of controlled corporation (Note 2)	555,608,145(L)	55.37%

2. INTERESTS AND SHORT POSITION IN THE UNDERLYING SHARES

Name of Directors	Capacity/Nature	No. of underlying Shares	Percentage of issued share capital of the Company
Mr. Sin	Beneficial owner (Note 3)	6,000,000 (L)	0.60%
Mr. San Kwan	Beneficial owner (Note 3)	8,000,000 (L)	0.80%

Notes:

1. The letters "L" denote a long position in the Shares.

2. Mr. Sin beneficially owned 51% interest in Cheer Sky Limited ("Cheer Sky") which beneficially owned 49% interest in Key Wise Group Limited ("Key Wise"). Therefore, Mr. Sin was deemed, or taken to be, interested in the 555,608,145 Shares held by Key Wise under the SFO.

3. Interests in the options granted on 18 November 2008 under the share option scheme of the Company. For further details, please refer to the below section headed "Share Option Scheme".

3. *LONG POSITION IN THE ORDINARY SHARES OF ASSOCIATED CORPORATION*

Name of Directors	Name of the associated corporation	Capacity/Nature	No. of shares held	Percentage of interest
Mr. Sin	Key Wise	Interest of controlled corporation and interest of spouse	100,000	100%

Note: Mr. Sin beneficially owned 51% interest in Cheer Sky which beneficially owned 49% interest in Key Wise. Ms. Hong Man Na, the spouse of Mr. Sin, beneficially owned 51% interest in Key Wise. Therefore, Mr. Sin was deemed, or taken to be, interested in all the shares in Key Wise which were owned by Cheer Sky and Ms. Hong Man Na under the SFO.

Save as disclosed above, as at 31 December 2009, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2009, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

INTERESTS AND SHORT POSITION IN THE SHARES AND UNDERLYING SHARES

Name of Shareholders	Capacity/Nature	No. of Shares/ underlying Shares	Percentage of issued share capital of the Company
Key Wise	Beneficial owner	555,608,145 (L)	55.37%
Cheer Sky	Interest of controlled corporation (Note 2)	555,608,145 (L)	55.37%
Ms. Hong Man Na	Interest of controlled corporation and interest of spouse (Note 3)	561,608,145 (L)	55.97%
Credit Suisse Trust Limited	Trustee	52,000,000 (L)	5.18%
Power Surge Limited	Interest of controlled corporation	52,000,000 (L)	5.18%
Mr. Shi Zhengrong	Founder of a discretionary trust	52,000,000 (L)	5.18%

Notes:

1. The letters "L" denote a long position in the Shares.

2. Cheer Sky beneficially owned 49% interest in Key Wise and Key Wise held 555,608,145 Shares. Therefore, Cheer Sky was deemed, or taken to be, interested in the 555,608,145 Shares held by Key Wise under the SFO.

3. Ms. Hong Man Na beneficially owned 51% interest in Key Wise. Therefore, Ms. Hong Man Na was deemed, or taken to be, interested in the 555,608,145 Shares held by Key Wise under the SFO. Mr. Sin held share options to subscribe for 6,000,000 Shares and Ms. Hong Man Na is the spouse of Mr. Sin. Therefore, Ms. Hong Man Na was deemed, or taken to be, interested in the 555,608,145 Shares held by Key Wise and the share options to subscribe for 6,000,000 Shares held by Mr. Sin under the SFO.

Save as disclosed above, and as at 31 December 2009, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

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.

SHARE OPTION SCHEME

A share option scheme (the "Share Option Scheme") was approved by resolutions of the shareholders of the Company on 7 June 2008.

An offer for the grant of options must be accepted within 7 days from the day on which such offer was made. The amount payable by each grantee of options to the Group on acceptance of the offer for the grant of options is HK$1.00.

An option may be exercised at any time during a period which shall not exceed ten years from the date of grant subject to the provisions of early termination under the Scheme.

The status of the share options granted up to 31 December 2009 is as follows:

Category of participants	As at 30 June 2009	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	As at 31 December 2009	Date of grant of share option	Exercise period of share options	Exercise price of share options	Share price of the Company as at the date of grant share of options *
								HK$	HK$
Directors:									
Sin Ke	6,000,000	—	—	—	6,000,000	18 November 2008	10 years from the date of grant	0.75	0.75
Sin Kwan	8,000,000	—	—	—	8,000,000	18 November 2008	10 years from the date of grant	0.75	0.75
Employees**	24,000,000	—	3,450,000 #	2,500,000	18,050,000	18 November 2008	10 years from the date of grant	0.75	0.75
Employee	—	10,000,000	—	—	10,000,000	11 October 2009	10 years from the date of grant	0.90	0.90
	38,000,000				42,050,000				

* The share price of the Company as at the date of the grant of the share options was the closing price as quoted on the Stock Exchange of the trading day immediately prior to the date of the grant of the share options.

** There was a total of 9 employees of the Group being granted share options under the Share Option Scheme, all of whom are not Directors, chief executive or substantial shareholders of the Company or their respective associates.

\# The closing price of the share immediate before date of exercise was HK$1.68.

The following table lists the vesting period of the share options granted on 11 November 2008 under the Scheme:

			Vesting period/Maximum percentage of options exercisable from the date of acceptance			
	Name	**No. of Option Shares**	**0-12 Months**	**13-24 Months**	**25-36 Months**	**After 36 Months**
Directors	Sin Ke	6,000,000	0.00%	33.33%	66.67%	100.00%
	San Kwan	8,000,000	0.00%	30.00%	60.00%	100.00%
Employees		25,000,000	0.00%	31.20%	62.40%	100.00%
		39,000,000	0.00%	31.28%	62.56%	100.00%

The following table lists the vesting period of the share options granted on 11 October 2009 under the Scheme:

	Name	**No. of Option Shares**	**0-12 Months**	**13-24 Months**	**25-36 Months**	**After 36 Months**
Employee		10,000,000	30%	60%	100%	100%

For further information of the options granted during the period under review, please refer to note 21 to the condensed consolidated interim financial report.

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.

DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Mr. Hong Hong U resigned as an executive director of the Company with effect from 21 September 2009. Mr. Sin Ke was elected as the chairman of the Board, a member and the chairman of the Nomination Committee of the Company with effect from 21 September 2009 to fill the vacancies left by the resignation of Mr. Hong Hong U.

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

INTERIM RESULTS

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

		Six months ended 31 December	
		2009	2008
	Note	**RMB'000**	RMB'000
		(unaudited)	(unaudited)
Revenue	5	**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	15	**77,125**	44,352
Other income	6	**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	8(a)	**74**	129

	Note	Six months ended 31 December 2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)
Profit before taxation		**106,148**	67,215
Income tax	9	**(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	10(a)	**9.16**	4.83
Diluted	10(b)	**9.01**	4.83
Interim dividend		**—**	—

The notes on pages 24 to 44 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2009

	Six months ended 31 December	
	2009	2008
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period	**93,353**	47,719
Other comprehensive income for the period:		
Exchange differences on translation of financial report of overseas subsidiaries	**12**	563
Total comprehensive income for the period	**93,365**	48,282
Total comprehensive income attributable to:		
Equity shareholders of the Company	**91,672**	48,282
Non-controlling interest	**1,693**	—
Total comprehensive income for the period	**93,365**	48,282

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	11	**145,836**	108,360
Land use rights	12	**11,406**	3,416
Rental prepayments		**29,378**	35,751
Pledged bank deposits	13	**5,100**	5,100
Deferred tax assets		**—**	813
		191,720	153,440
Current assets			
Inventories	14	**87,895**	9,561
Biological assets	15	**5,006**	55,258
Rental prepayments		**13,034**	14,570
Trade and other receivables	16	**137,290**	65,103
Time deposits		**2,675**	2,678
Cash and cash equivalents	17	**183,067**	193,121
		428,967	340,291
Total assets		**620,687**	493,731
Current liabilities			
Trade and other payables	18	**27,228**	18,928
Income tax payables		**8,987**	3,304
		36,215	22,232
Net current assets		**392,752**	318,059

	Note	As at 31 December 2009 RMB'000 (unaudited)	As at 30 June 2009 RMB'000 (audited)
Total assets less current liabilities		**584,472**	471,499
Non-current liabilities			
Deferred income	19	**23,600**	11,000
Loans and borrowings	20	**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

Approved and authorised for issue by the board of directors on 26 February 2010.

Sin Ke
Chairman

San Kwan
Director

The notes on pages 24 to 44 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2008

	Attributable to equity holders of the Company (unaudited)								
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserves RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interest RMB'000	Total equity RMB'000
At 1 July 2008	890	40,531	39,981	14,210	2	170,528	266,142	—	266,142
Changes in equity:									
Capital injection	—	—	—	—	—	—	—	100	100
Issue of shares on capitalisation of share premium account	5,706	(5,706)	—	—	—	—	—	—	—
Issue of shares through Initial Public Offering	2,195	136,074	—	—	—	—	138,269	—	138,269
Share issue expenses		(24,525)					(24,525)		(24,525)
Appropriation to statutory reserves	—	—	—	5,690	—	(5,690)	—	—	—
Equity settled share-based transactions (note 21)	—	—	711	—	—	—	711	—	711
Total comprehensive income for the period	—	—	—	—	563	47,719	48,282	—	48,282
At 31 December 2008	8,791	146,374	40,692	19,900	565	212,557	428,879	100	428,979

For the six months ended 31 December 2009

	Attributable to equity shareholders of the Company (unaudited)								
	Share capital RMB'000	**Share premium RMB'000**	**Capital reserve RMB'000**	**Statutory reserves RMB'000**	**Exchange reserve RMB'000**	**Retained earnings RMB'000**	**Total RMB'000**	**Non-controlling interest RMB'000**	**Total equity RMB'000**
At 1 July 2009	**8,791**	**146,374**	**43,603**	**21,850**	**(1)**	**233,957**	**454,574**	**100**	**454,674**
Changes in equity:									
Share options exercised (note 21)	**31**	**2,249**	**–**	**–**	**–**	**–**	**2,280**	**–**	**2,280**
Appropriation to statutory reserves	**–**	**–**	**–**	**5,100**	**–**	**(5,100)**	**–**	**–**	**–**
Equity settled share-based transactions (note 21)	**–**	**–**	**4,028**	**–**	**–**	**–**	**4,028**	**–**	**4,028**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**12**	**91,660**	**91,672**	**1,693**	**93,365**
At 31 December 2009	**8,822**	**148,623**	**47,631**	**26,950**	**11**	**320,517**	**552,554**	**1,793**	**554,347**

The notes on pages 24 to 44 form part of these financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2009

	Six months ended 31 December	
	2009	2008
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cash generated from/(used in) operations	**28,282**	(23,140)
Income tax paid	**(5,599)**	(5,586)
Net cash generated from/(used in) operating activities	**22,683**	(28,726)
Net cash used in investing activities	**(47,629)**	(73,990)
Net cash generated from financing activities	**14,880**	128,944
Net (decrease)/increase in cash and cash equivalents	**(10,066)**	26,228
Cash and cash equivalents at 1 July	**193,121**	142,436
Effect of foreign currency exchange rate changes	**12**	565
Cash and cash equivalents at 31 December	**183,067**	169,229

The notes on pages 24 to 44 form part of these financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual report for the eighteen months ended 30 June 2009, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending 30 June 2010. Details of these changes in accounting policies are set out in note 3.

3. CHANGE IN ACCOUNTING POLICIES

The IASB has issued one new IFRS, a number of amendments to IFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- IFRS 8, Operating segments
- IAS 1 (revised 2007), Presentation of financial statements
- Improvements to IFRSs (2008)
- Amendments to IAS 27, Consolidated and separate financial report — cost of an investment in a subsidiary, jointly controlled entity or associate
- Amendments to IFRS 7, Financial instruments: Disclosures — improving disclosures about financial instruments
- IAS 23 (revised 2007), Borrowing costs
- Amendments to IFRS 2, Share-based payment — vesting conditions and cancellations

3. *CHANGE IN ACCOUNTING POLICIES (Continued)*

The Revised IAS 23 and amendments to IFRS 2 have had no material impact on the Group's financial report as the revision and amendment were consistent with policies already adopted by the Group. In addition, the amendments to IFRS 7 do not contain any additional disclosure requirements specifically applicable to the interim financial report. The impact of the remainder of these developments on the interim financial report is as follows:

- IFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial report into segments based on related products and services. The adoption of IFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management, and has resulted in additional reportable segments being identified and presented (see note 5). As this is the first period in which the Group has presented segment information in accordance with IFRS 8, additional explanation has been included in the interim financial report which explains the basis of preparation of the information. Corresponding amounts have been provided on a basis consistent with the revised segment information.

- As a result of the adoption of IAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in this interim financial report and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

3. CHANGE IN ACCOUNTING POLICIES (Continued)

- The amendments to IAS 27 have removed the requirement that dividends out of preacquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2009 all dividends receivable from subsidiaries, associates and jointly controlled entities, whether out of pre- or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

- The "Improvements to IFRSs (2008)" comprise a number of minor and non-urgent amendments to a range of IFRSs which the IASB has issued as an omnibus batch of amendments. The amendments have not resulted in any significant changes to the Group's accounting policies.

4. ACCOUNTING ESTIMATE AND JUDGEMENTS

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In preparing the interim financial report, the significant judgement made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to and were disclosed in the consolidated financial report as at and for the eighteen months ended 30 June 2009.

5. 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.

(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.

5. SEGMENT INFORMATION (Continued)

(A) SEGMENT RESULTS (Continued)

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

5. 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

6. 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.

7. PERSONNEL EXPENSES

	Six months ended 31 December	
	2009	2008
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Salaries, wages and other benefits	**32,096**	28,654
Contributions to defined contribution plans	**641**	568
Equity settled share-based payment	**4,028**	711
	36,765	29,933

The Group participates in pension funds organised by the PRC government. According to respective pension fund regulations, the Group is required to pay annual contributions. The Group remits all the pension fund contributions to the respective social security offices, which are responsible for the payments and liabilities relating to the pension funds.

7. PERSONNEL EXPENSES (Continued)

The Group also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HKD20,000. Contributions to the scheme vest immediately.

The Group has no obligation for payment of retirement and other post retirement benefits of employees other than the contributions described above.

8. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(A) NET FINANCE COSTS

	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)

8. PROFIT BEFORE TAXATION (Continued)

(B) OTHER EXPENSES

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.

9. 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

9. INCOME TAX (Continued)

(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.

10. 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:

10. EARNINGS PER SHARE (Continued)

(B) DILUTED EARNINGS PER SHARE (Continued)

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.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2009, the Group acquired items of buildings, plant and machinery with costs of RMB38,200,000. Apart from that, there are no significant acquisitions/disposals during the six months ended 31 December 2009.

12. LAND USE RIGHTS

	Six months ended	
	31 December 2009 RMB'000 (unaudited)	31 December 2008 RMB'000 (unaudited)
Beginning of the period	**3,416**	2,486
Additions	**8,056**	—
Less: amortisation	**(66)**	(35)
End of the period	**11,406**	2,451

The land use rights newly acquired by the Group in the six months ended 31 December 2009 was in Chongqing.

13. PLEDGED BANK DEPOSITS

The amount represents deposits pledged at banks to secure bank loans granted to the Group (note 20). The pledged bank deposits will be released upon the termination of the relevant loan instruments.

14. INVENTORIES

(a) Inventories in the consolidated balance sheet comprise:

	As at 31 December 2009 RMB'000 (unaudited)	As at 30 June 2009 RMB'000 (audited)
Oranges	**79,199**	—
Frozen concentrated juice	**6,410**	9,332
Consumables and packing materials	**2,286**	229
	87,895	9,561

(b) No provisions were made against inventories as at 31 December 2009 (30 June 2009: nil).

(c) The analysis of the amount of inventories recognised as an expense is as follows:

	Six months ended 31 December	
	2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)
Carrying amount of inventories sold	**124,878**	126,583
Write-down of inventories	**2,095**	2,450
	126,973	129,033

14. INVENTORIES (Continued)

(d) Production quantities of agricultural produce:

	Six months ended 31 December	
	2009	2008
	tonnes	tonnes
	(unaudited)	(unaudited)
Oranges	**146,277**	97,843

15. BIOLOGICAL ASSETS

Movements in biological assets, representing immature oranges before harvest, are summarised as follows:

		Six months ended	
		31 December	31 December
		2009	2008
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Beginning of the period		**55,258**	43,408
Increase due to cultivation		**47,856**	31,914
Gain from changes in fair value less estimated point-of-sale costs	(i)	**77,125**	44,352
Harvested oranges transferred to inventories		**(175,233)**	(113,826)
End of the period	(ii)	**5,006**	5,848

(i) The directors measured the fair value of oranges at harvest based on market prices as at or close to the harvest dates.

(ii) All oranges are harvested annually and are harvested shortly before the year end. At 31 December 2009 and 2008, little biological transformation for the following year's harvest has taken place and therefore biological assets are stated at cost as the directors consider that their fair value as at 31 December 2009 and 2008 cannot be measured reliably and no reliable alternative estimates exist to determine fair value.

The carrying value of biological assets as at period end represents cultivation costs incurred including fertilisers, pesticides, labour costs and orange farm rental costs.

16. 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.

17. CASH AND CASH EQUIVALENTS

	As at 31 December 2009 RMB'000 (unaudited)	As at 30 June 2009 RMB'000 (audited)
Denominated in RMB	**179,220**	192,244
Denominated in HKD	**3,847**	877
Total cash and cash equivalents	**183,067**	193,121

RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

18. 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

19. DEFERRED INCOME

Deferred income represents local government grant received for supporting the Group's investment in a concentrated fruit juice production plant. The grant is recognised as income over the estimated useful lives of the production plant assets.

20. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's loans and borrowings, which are measured at amortised cost.

(a) Loans and borrowings were repayable as follows:

	As at 31 December 2009 RMB'000 (unaudited)	As at 30 June 2009 RMB'000 (audited)
After 3 years	**5,100**	5,100
Representing:		
Secured bank loans	**5,100**	5,100

The above loans and borrowings were all denominated in RMB.

The secured bank loan of RMB5,100,000 is an interest-free entrusted bank loan extended by a local finance bureau of the PRC, in support of the Group's operations in agricultural industry.

(b) The above secured borrowings were secured by certain assets of the Group. An analysis of the carrying value of these assets is as follows:

	As at 31 December 2009 RMB'000 (unaudited)	As at 30 June 2009 RMB'000 (audited)
Pledged bank deposits (note 13)	**5,100**	5,100

21. SHARE-BASED PAYMENTS

A share option scheme was adopted pursuant to a written resolution of the shareholders of the Company passed on 7 June 2008 (the "Share Option Scheme"). Each option given the holder the right to subscribe for one ordinary share of HKD0.01 each of the Company.

On 18 November 2008, the Company granted 39,000,000 share options with a subscription price of HKD0.75 per share to certain qualified participants, all of whom were employees of the Group.

On 11 October 2009, the Company granted an additional 10,000,000 share options with a subscription price of HKD0.90 per share to an employee of the Group.

(a) The terms and conditions of the grants that existed during the contractual life of these options are as follows, whereby all options are settled by physical delivery of shares:

	Number of options	Vesting condition and exercisable percentage condition	Up to %	Contractual life of options
Options granted to the employees of the Group:				
— on 18 November 2008	39,000,000	One year from the grant date	31.3	10 years
		Two years from the grant date	31.3	
		Three years from the grant date	37.4	
— on 11 October 2009	10,000,000	On the grant date	30.0	10 years
		One years from the grant date	30.0	
		Two years from the grant date	40.0	

21. SHARE-BASED PAYMENTS (Continued)

(b) The number and weighted average exercise prices of share options are as follows:

	2009		2008	
	Weighted average exercise price HKD	**Number of options**	Weighted average exercise price HKD	Number of options
Outstanding at 1 July	**0.75**	**38,000,000**	—	—
Granted during the period	**0.90**	**10,000,000**	0.75	39,000,000
Exercised during the period	**0.75**	**(3,450,000)**	—	—
Cancelled during the period	**0.75**	**(2,500,000)**	—	—
Lapsed during the period	**–**	**–**	—	—
Outstanding at 31 December	**0.79**	**42,050,000**	0.75	39,000,000
Exercisable at 31 December	**0.79**	**10,700,000**	—	Nil

The options outstanding at 31 December 2009 had a weighted average remaining contractual life of 9.09 years (31 December 2008: 9.89 years).

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial option pricing model and the assumptions below. The contractual life of the options is used as an input into this model. Expectations of early exercise are incorporated into the binomial option pricing model.

	At 11 October 2009	At 18 November 2008
Fair value at measurement date	**HKD3,912,000**	HKD11,899,000
Share price	**HKD0.90**	HKD0.75
Exercise price	**HKD0.90**	HKD0.75
Expected volatility	**74.85%**	57.30%
Expected dividend yield	**0%**	1.86%
Option life	**10 years**	10 years
Risk free interest rate (based on Hong Kong Exchange Fund Notes Rate)	**2.21%**	1.55%

21. SHARE-BASED PAYMENTS (Continued)

(c) Fair value of share options and assumptions *(Continued)*

The expected volatility was determined with reference to the volatilities of the comparable companies. Expected dividends are based on management's estimation on the grant date. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. The condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

22. COMMITMENTS

(a) Capital commitments that relate to purchase of land use rights, property, plant, and equipment outstanding at of the balance sheet date not provided for in the financial report were as follows:

	As at 31 December 2009 RMB'000 (unaudited)	As at 30 June 2009 RMB'000 (audited)
Authorised and contracted for	**764**	49,995

(b) Non-cancellable operating lease rentals are payables as follows:

	As at 31 December 2009 RMB'000 (unaudited)	As at 30 June 2009 RMB'000 (audited)
Less than one year	**115**	115
Between one and five years	**87**	144
	202	259

23. RELATED PARTY TRANSACTIONS

Key management personnel received compensation in the form of short-term employee benefits, post-employment benefits and share-based payment awards of RMB5,410,781 for the six months ended 31 December 2009 (six months ended 31 December 2008: RMB2,494,657).

Except for the transactions with key management personnel mentioned above, no other significant related party transactions were noted for the six months ended 31 December 2009 and 2008, respectively.

24. COMPARATIVE FIGURES

As a result of the application of IFRS 8 and Revised IAS 1, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 3.