Summi®
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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)

ANNUAL RESULTS ANNOUNCEMENT
For the year ended 30 June 2010

The board (the "Board") of directors (the "Directors") of Tianyi Fruit Holdings Limited (the "Company") is pleased to present the audited consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 June 2010, along with the comparative figures for the eighteen months ended 30 June 2009 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 year ended 30 June 2010

	Note	**Year ended 30 June 2010** *RMB'000* **(audited)**	Twelve months ended 30 June 2009 *RMB'000* (unaudited)	Six months ended 30 June 2008 *RMB'000* (audited)	Eighteen months ended 30 June 2009 *RMB'000* (audited)
Revenue	*5*	**479,333**	337,363	126,408	463,771
Cost of sales		**(293,807)**	(252,840)	(83,425)	(336,265)
Gross profit		**185,526**	84,523	42,983	127,506
Gain from changes in fair value of biological assets less estimated point-of-sale costs		**77,125**	44,352	—	44,352
Other income	*6*	**2,950**	1,894	600	2,494
Distribution costs		**(24,618)**	(8,272)	(1,998)	(10,270)
Administrative expenses		**(45,362)**	(21,784)	(3,476)	(25,260)
Other expenses		**(258)**	(122)	(197)	(319)
Profit from operations		**195,363**	100,591	37,912	138,503
Finance income	*8*	**893**	1,141	450	1,591
Finance expenses	*8*	**(1,798)**	64	(2,265)	(2,201)
Net finance (costs)/income		**(905)**	1,205	(1,815)	(610)
Profit before taxation		**194,458**	101,796	36,097	137,893
Income tax	*9*	**(36,212)**	(30,727)	(9,699)	(40,426)
Profit for the year/period		**158,246**	71,069	26,398	97,467

CONSOLIDATED INCOME STATEMENT *(Continued)*
For the year ended 30 June 2010

	Note	**Year ended 30 June 2010** *RMB'000* **(audited)**	Twelve months ended 30 June 2009 *RMB'000* (unaudited)	Six months ended 30 June 2008 *RMB'000* (audited)	Eighteen months ended 30 June 2009 *RMB'000* (audited)
Attributable to:					
Equity shareholders of the Company		**156,553**	71,069	23,995	95,064
Non-controlling interest		**1,693**	—	2,403	2,403
Profit for the year/period		**158,246**	71,069	26,398	97,467
Earnings per share (RMB cents)					
Basic	*11*	**15.62**	7.15	3.20	10.42
Diluted	*11*	**15.16**	7.14	N/A	10.41
Final/interim dividend (HK$ cents)	*14*	**1.50**	—	—	—

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2010

	Note	**Year ended 30 June 2010** *RMB'000*	Eighteen months ended 30 June 2009 *RMB'000*
Profit for the year/period		**158,246**	97,467
Other comprehensive income for the year/period	*10*		
Exchange differences on translation of financial statements of overseas subsidiaries		**12**	(1)
Total comprehensive income for the year/period		**158,258**	97,466
Attributable to:			
Equity shareholders of the Company		**156,565**	95,063
Non-controlling interest		**1,693**	2,403
Total comprehensive income for the year/period		**158,258**	97,466

CONSOLIDATED BALANCE SHEET

As at 30 June 2010

	Note	As at 30 June 2010 RMB'000	As at 30 June 2009 RMB'000
Non-current assets			
Property, plant and equipment		**142,711**	108,360
Land use rights		**11,281**	3,416
Rental prepayments		**126,588**	35,751
Pledged bank deposits		**5,100**	5,100
Deferred tax assets		**—**	813
		285,680	153,440
Current assets			
Inventories		**4,534**	9,561
Biological assets		**42,219**	55,258
Rental prepayments		**14,855**	14,570
Trade and other receivables	*12*	**39,468**	65,103
Time deposits		**2,650**	2,678
Cash and cash equivalents		**429,074**	193,121
		532,800	340,291
Total assets		**818,480**	493,731
Current liabilities			
Trade and other payables	*13*	**17,722**	18,928
Income tax payables		**4,764**	3,304
		22,486	22,232
Net current assets		**510,314**	318,059
Total assets less current liabilities		**795,994**	471,499
Non-current liabilities			
Loans and borrowings		**5,100**	5,100
Deferred income		**22,420**	11,000
Convertible bonds		**133,489**	—
Deferred tax liabilities		**1,250**	725
		162,259	16,825
Total liabilities		**184,745**	39,057
Net assets		**633,735**	454,674
Capital and reserves			
Share capital		**8,822**	8,791
Reserves		**624,913**	445,783
Total equity attributable to equity shareholders of the Company		**633,735**	454,574
Non-controlling interest		**—**	100
Total equity		**633,735**	454,674

Notes:

1. REPORTING ENTITY AND CORPORATE REORGANISATION

Tianyi Fruit Holdings Limited (the "Company") was incorporated in the Cayman Islands on 5 February 2008 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 33 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a reorganisation (the "Reorganisation") of the Company and its subsidiaries (collectively referred to as the "Group") to rationalise the group structure in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the Group in May 2008. Details of the Reorganisation are set out in the prospectus of the Company dated 30 June 2008. The Company's shares were listed on the Stock Exchange on 10 July 2008.

Details of the Company's subsidiaries as at 30 June 2010 are as follows:

Name of company	Place and date of establishment/ incorporation	Issued and fully paid up/ registered capital	Attributable equity interest held by the Company		Principal activities
			Direct	Indirect	
Sunshine Vocal Limited	British Virgin Islands ("BVI") 17 July 2007	USD100,000/ USD100,000	100%	—	Investment holding
Rich Anges Limited	BVI 10 October 2007	USD1/ USD50,000	100%	—	Investment holding
Potel Limited	Hong Kong 3 September 2007	HK$1/ HK$10,000	—	100%	Investment holding
Manwell (China) Limited	Hong Kong 22 November 2007	HK$1/ HK$10,000	—	100%	Investment holding
Summi (Fujian) Food Co., Limited ("Summi Fujian")	People's Republic of China ("PRC") 15 March 1993	RMB80,000,000/ RMB80,000,000	—	100%	Manufacturing and selling of concentrated fruit juice
Sanming Summi Food Co., Limited ("Sanming Summi")	PRC 27 September 2007	RMB10,000,000/ RMB10,000,000	—	100%	Manufacturing and selling of concentrated fruit juice
Chongqing Tianbang Food Co., Limited	PRC 6 August 2008	HK$80,000,000/ HK$80,000,000	—	100%	Manufacturing and selling of concentrated fruit juice
重慶尚果農業科技有限公司 ("Chongqing Shangguo")	PRC 16 December 2008	RMB11,000,000/ RMB11,000,000	—	100%	Selling of fresh oranges
三明天溢農業綜合開發有限公司 ("Sanming Tianyi") *(note)*	PRC 19 December 2008	RMB2,000,000/ RMB2,000,000	—	100%	Selling of fresh oranges

Note: The entity was incorporated in the PRC as a domestic company and has been 95% owned by Sanming Summi since its establishment. Prior to 25 January 2010, the remaining 5% equity interest in Sanming Tianyi was held by a third party and has been presented as a non-controlling interest in the financial statements. On 25 January 2010, the third party sold the 5% equity interest at a cash consideration of RMB100,000 to Chongqing Shangguo, a wholly owned subsidiary of Summi Fujian.

2. BASIS OF PRESENTATION

In December 2008, the Company changed its financial year end date from 31 December to 30 June in order to better reflect and be in line with the growth cycle of fresh oranges and the production cycle of frozen concentrated orange juice. Accordingly, the comparative figures in these financial statements cover the eighteen months ended 30 June 2009.

These financial statements are prepared in respect of the year ended 30 June 2010. Consequently, the comparative figures for the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and related notes are not comparable in so far as they relate to a longer period than the current year.

3. CHANGES IN ACCOUNTING POLICIES

The International Accounting Standards Board ("IASB") has issued four new International Financial Reporting Standards ("IFRSs"), 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 statements*
- 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*
- IFRS 3 (revised 2008), *Business combinations*
- Amendments to IFRS 5, *Non-current assets held for sale and discontinued operations — plan to sell the controlling interest in a subsidiary*
- Improvements to IFRSs (2009)

The amendments to IFRS 2 have had no material impact on the Group's financial statements as the revision and amendment were consistent with policies already adopted by the Group. The impact of the remainder of these developments on the financial statements 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 statements 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 financial statements in relation to the basis of preparation of the information. Corresponding amounts have been provided on a basis consistent with the revised segment information.

3. CHANGES IN ACCOUNTING POLICIES *(Continued)*

- As a result of the adoption of IAS 1 (revised 2007), details of changes in equity during the year 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 year, 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 these financial statements 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 year presented.

- The amendments to IAS 27 have removed the requirement that dividends out of pre-acquisition 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.

- As a result of the adoption of IAS 23 (revised 2007), the Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. Previously the Group immediately recognised all borrowing costs as an expense. This change in accounting policy was due to the prospective adoption of IAS 23 (revised 2007), *Borrowing costs* in accordance with the transitional provisions of such standard; comparative figures have not been restated. The change in accounting policy had no material impact on assets, profit or earnings per share during the year.

- 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.

- The amendment introduced by the Improvements to IFRSs (2009) omnibus standard in respect of IAS 17, *Leases*, has had no material impact on the Group's financial statements as the classification of the Group's interests in leasehold land as operating leases continues to be appropriate.

The impact of the remainder of these developments in respect of the revisions to IFRS 3, IFRS 5 and IFRS 7 have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination or a disposal of a subsidiary) and the Group has not yet entered into relevant transactions which will be affected by these developments.

4. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with IFRSs, which collective term includes all applicable individual IFRSs, International Accounting Standards ("IASs") and Interpretations, promulgated by the IASB.

The financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

5. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products) and geography. 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 six 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.

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

— Fresh oranges for wholesale. This segment carries on the business of cultivation and selling of fresh 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

For the purposes of assessing segment performance and allocating resources between segments, 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".

The Group's senior executive management monitors assets and liabilities on a consolidated basis and not by reportable segment. Accordingly, no additional information in assets and liabilities to that shown on the Group's consolidated balance sheet is presented.

5. **SEGMENT INFORMATION** *(Continued)*

(a) **Segment results** *(Continued)*

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 year ended 30 June 2010 and for the eighteen months ended 30 June 2009 is set out below.

	Year ended 30 June 2010							
	Premier fresh oranges for wholesale *RMB'000*	**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	**44,308**	**140,483**	**—**	**133,443**	**136,895**	**18,641**	**6,542**	**480,312**
Inter-segment revenue	**—**	**—**	**24,473**	**—**	**—**	**—**	**—**	**24,473**
Reportable segment revenue	**44,308**	**140,483**	**24,473**	**133,443**	**136,895**	**18,641**	**6,542**	**504,785**
Reportable segment profit	**28,999**	**59,768**	**12,002**	**60,781**	**85,213**	**16,129**	**1,584**	**264,476**

	Eighteen months ended 30 June 2009							
	Premier fresh oranges for wholesale *RMB'000*	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	—	124,682	—	302,297	—	25,594	12,327	464,900
Inter-segment revenue	—	—	11,280	—	—	—	—	11,280
Reportable segment revenue	—	124,682	11,280	302,297	—	25,594	12,327	476,180
Reportable segment profit	—	52,679	5,137	108,751	—	21,911	4,828	193,306

5. **SEGMENT INFORMATION** *(Continued)*

(b) Reconciliation of reportable segment revenues and profit

	Year ended 30 June 2010 *RMB'000*	Eighteen months ended 30 June 2009 *RMB'000*
Revenue		
Total revenues for reportable segments	**498,243**	463,853
Other revenue	**6,542**	12,327
	504,785	476,180
Elimination of inter-segment revenue	**(24,473)**	(11,280)
Sales tax and surcharges	**(979)**	(1,129)
Consolidated revenue	**479,333**	463,771

	Year ended 30 June 2010 *RMB'000*	Eighteen months ended 30 June 2009 *RMB'000*
Profit		
Total profit for reportable segments	**262,892**	188,478
Other profit	**1,584**	4,828
	264,476	193,306
Sales tax and surcharges	**(979)**	(1,129)
Reversal of fair value gain upon sales	**(77,971)**	(64,671)
Gross profit	**185,526**	127,506
Gain from changes in fair value of biological assets less estimated point-of-sale costs	**77,125**	44,352
Other income	**2,950**	2,494
Distribution costs	**(24,618)**	(10,270)
Administrative expenses	**(45,362)**	(25,260)
Other expenses	**(258)**	(319)
Net finance costs	**(905)**	(610)
Consolidated profit before taxation	**194,458**	137,893

6. OTHER INCOME

	Year ended 30 June 2010 *RMB'000*	Eighteen months ended 30 June 2009 *RMB'000*
Government grants	**2,150**	2,400
Others	**800**	94
	2,950	2,494

The Group received discretionary grants from various PRC government authorities in recognition of the Group's contribution to the development of the local agriculture industry and investment in a concentrated fruit juice production plant in Chongqing. 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. EXPENSES BY NATURE

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

	Year ended 30 June 2010 *RMB'000*	Eighteen months ended 30 June 2009 *RMB'000*
Amortisation of land use rights	**191**	105
Depreciation of fixed assets*	**8,619**	5,731
Operating lease charges*	**15,751**	17,372
Auditors' remuneration — audit services	**1,500**	1,401
Cost of inventories*	**293,807**	336,265

* For the year ended 30 June 2010, cost of inventories includes RMB68,952,000 (for the eighteen months ended 30 June 2009: RMB68,232,000) relating to personnel expenses, depreciation expenses and amortisation of rental prepayments.

8. NET FINANCE COSTS

	Year ended 30 June 2010 *RMB'000*	Eighteen months ended 30 June 2009 *RMB'000*
Interest income on bank deposits	**893**	1,591
Finance income	**893**	1,591
Interest expenses	**(1,278)**	(1,517)
Bank charges	**(42)**	(56)
Net foreign exchange loss	**(478)**	(628)
Finance expenses	**(1,798)**	(2,201)
Net finance costs	**(905)**	(610)

9. INCOME TAX

(a) Income tax in the consolidated income statement represents:

	Year ended 30 June 2010 *RMB'000*	Eighteen months ended 30 June 2009 *RMB'000*
Current tax expense		
Provision for PRC income tax	**32,740**	42,973
Under provision in respect of prior years	**2,134**	—
Deferred tax expense		
Origination and reversal of temporary differences	**1,338**	(2,547)
	36,212	40,426

(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 the 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"), enterprises that engage in qualifying agricultural business are eligible for certain tax benefits, including full income tax exemption on profits derived from such business. Certain operating subsidiaries of the Group in the PRC engaged in qualifying agricultural business have obtained the approval from local tax authorities in the year ended 30 June 2010 and consequently the applicable income tax rates of these subsidiaries for the year ended 30 June 2010 are 0% (for the eighteen months ended 30 June 2009: 25%).

The applicable income tax rate of the Group's other operating subsidiaries in the PRC is 25% for the year ended 30 June 2010 (for the eighteen months ended 30 June 2009: 25%).

9. INCOME TAX *(Continued)*

(b) Reconciliation between income tax and accounting profit at applicable tax rates:

	Year ended 30 June 2010 *RMB'000*	Eighteen months ended 30 June 2009 *RMB'000*
Profit before tax	**194,458**	137,893
Income tax computed by applying the tax rate of 25% to profit before tax	**48,615**	34,473
Effect of non-deductible expenses	**3,345**	3,934
Effect of differences in tax rates of subsidiaries	**(18,316)**	1,314
Under provision in respect of prior years	**2,134**	—
Effect of recognition of deferred tax liabilities arising from undistributed retained earnings of PRC subsidiaries	**525**	725
Others	**(91)**	(20)
Income tax	**36,212**	40,426

10. OTHER COMPREHENSIVE INCOME

Tax effect relating to other comprehensive income:

	Year ended 30 June 2010			Eighteen months ended 30 June 2009		
	Before-tax amount *RMB'000*	**Tax (expense)/ benefit** *RMB'000*	**Net-of-tax amount** *RMB'000*	Before-tax amount *RMB'000*	Tax (expense)/ benefit *RMB'000*	Net-of-tax amount *RMB'000*
Exchange differences on translation of financial statements of overseas subsidiaries	**12**	**—**	**12**	(1)	—	(1)

11. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 30 June 2010 is based on the profit attributable to equity shareholders of the Company of RMB156,553,000 (for the eighteen months ended 30 June 2009: RMB95,064,000) and the weighted average number of 1,002,070,000 ordinary shares (for the eighteen months ended 30 June 2009: 912,705,667 ordinary shares) of the Company, calculated as follows:

Weighted average number of ordinary shares

	Year ended 30 June 2010	Eighteen months ended 30 June 2009
Issued ordinary shares	**1,000,000,000**	100,000,000
Effect of capitalisation issue	**—**	650,000,000
Effect of the initial public offering	**—**	162,705,667
Effect of share options exercised	**2,070,000**	—
Weighted average number of ordinary shares	**1,002,070,000**	912,705,667

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 30 June 2010 is based on the profit attributable to equity shareholders of the Company (diluted) of RMB157,120,000 (for the eighteen months ended 30 June 2009: RMB95,064,000) and the weighted average number of ordinary shares outstanding (diluted), after adjusting for the effect of all dilutive potential ordinary shares, of 1,036,478,878 (for the eighteen months ended 30 June 2009: 913,457,182), calculated as follows:

(i) Profit attributable to ordinary equity holders of the Company (diluted)

	Year ended 30 June 2010 ***RMB'000***	Eighteen months ended 30 June 2009 *RMB'000*
Profit attributable to equity shareholders (basic)	**156,553**	95,064
Effect of effective interest on the liability component of convertible bonds	**1,278**	—
Effect of exchange gain recognised on the liability component of convertible bonds	**(711)**	—
Profit attributable to equity shareholders (diluted)	**157,120**	95,064

11. EARNINGS PER SHARE *(Continued)*

(b) Diluted earnings per share *(Continued)*

(ii) Weighted average number of ordinary shares (diluted)

	Year ended 30 June 2010	Eighteen months ended 30 June 2009
Weighted average number of ordinary shares	**1,002,070,000**	912,705,667
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**24,174,357**	751,515
Effect of conversion of convertible bonds	**10,234,521**	—
Weighted average number of ordinary shares (diluted)	**1,036,478,878**	913,457,182

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.

12. TRADE AND OTHER RECEIVABLES

The Group

	As at 30 June 2010 ***RMB'000***	As at 30 June 2009 *RMB'000*
Trade receivables	**36,446**	63,702
Prepayments	**2,533**	445
Other receivables	**489**	956
	39,468	65,103

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

Customers are normally granted a credit term of not more than 90 days depending on the credit worthiness of individual customers.

12. TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Ageing analysis

An ageing analysis of the trade receivables as of the balance sheet dates is as follows:

The Group

	As at 30 June 2010 ***RMB'000***	As at 30 June 2009 *RMB'000*
Within three months	**36,426**	63,658
Over three months but less than six months	**1**	42
Over six months but less than one year	**19**	2
	36,446	63,702

(b) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

The Group

	As at 30 June 2010 ***RMB'000***	As at 30 June 2009 *RMB'000*
Neither past due nor impaired	**36,426**	63,658
Less than three months past due	**1**	42
Three months to one year past due	**19**	2
	20	44
	36,446	63,702

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to certain customers that have a good track record with the Group. Based on the past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

13. TRADE AND OTHER PAYABLES

The Group

	As at 30 June 2010 *RMB'000*	As at 30 June 2009 *RMB'000*
Trade payables	**10,467**	9,960
Other payables and accrued expenses	**7,255**	8,968
	17,722	18,928

(a) An ageing analysis of the trade payables is analysed as follows:

The Group

	As at 30 June 2010 *RMB'000*	As at 30 June 2009 *RMB'000*
Not past due	**10,467**	9,960

(b) Other payables and accrued expenses comprise the following items:

The Group

	As at 30 June 2010 *RMB'000*	As at 30 June 2009 *RMB'000*
Other tax payables	**3,787**	3,184
Salaries and bonuses payable	**852**	3,800
Accrued expenses	**1,315**	1,277
Other payables	**1,301**	707
	7,255	8,968

14. DIVIDENDS

Dividends payable to equity shareholders of the Company attribute to the year/period:

	Year ended 30 June 2010 *RMB'000*	Eighteen months Ended 30 June 2009 *RMB'000*
Final dividend proposed after the balance sheet date of RMB0.013 per ordinary share (for the eighteen months ended 30 June 2009: nil)	**13,050**	—

BUSINESS REVIEW

Overview

The revenue of the Group was primarily derived from the sale of frozen concentrated orange juice ("FCOJ"), its related products, and fresh oranges. According to the 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.

FCOJ is the primary raw material for the production of orange juice beverages. The juice beverage market in China had grown steadily in 2009. The increase in disposable income and urban population continues to drive demand for natural and healthy beverage products such as fruit juice. China's existing production output of FCOJ is insufficient and relies mainly on imported products to meet its growing demand. Brazil is the largest producer and exporter of FCOJ in the world. Comparing to Brazil, China is significantly small in terms of both production capacity and actual output of FCOJ. The industry still has ample room for growth and development.

Products

The Group adopts an integrated business model. As at 30 June 2010, it operates orange farms with a total area of 71,000 mu in Fujian province and Chongqing*. The Group uses the lower-grade oranges harvested from these farms as raw materials for producing FCOJ and its related products, whereas the remaining oranges of higher grade are sold fresh. In addition to its own farm grown oranges, the Group also purchases oranges from independent third parties to produce FCOJ and its related products.

For the previous financial year, the Group sold mainly two product categories: fresh oranges and FCOJ. In the year under review, the Group increased its product range by introducing FCOJ fibre and premier fresh oranges under the "Shangguo" and "Summi" brands to its product portfolio.

FCOJ fibre is a mix of FCOJ and orange pulp which enables juice makers to produce orange juice with pieces of pulp in it, a product whose demand is growing in China for its fresh taste. This new product enabled the Group to increase both sales and profitability in the year under review.

The "Shangguo" and "Summi" premier fresh oranges are oranges of premium grade grown in the Group's farms which are packaged with more sophisticated packaging and sold at a large premium over other fresh oranges. This new product also helped the Group to increase both sales and profitability in the year under review.

Production

For the previous financial year, the Group had only two production facilities in Fujian province with a total annual production capacity of 10,000 tons of FCOJ. In November 2009, the Group's new plant in Kai County, Chongqing commenced production. The new plant has an annual production capacity of 12,000 tons of FCOJ and 30,000 tons of FCOJ fibre, which significantly increases the Group's overall production capacity of FCOJ products. The new plant is one of the largest of its kind in China installed with equipment and technologies among the finest in the industry.

* *Note:* Of the 71,000 mu orange farms, 21,000 mu are newly-planted farms that will become productive in 2013.

Orange Farming

In the vicinity of the Group's new facility in Kai County, Chongqing, there are about 300,000 mu of orange farms, of which 20,000 mu are leased and operated by the Group. Kai County is located in the center of the citrus-plantation-belt along the upper reaches of the Yangtze River, which is the largest of the three citrus-plantation-belts in China. Kai County is well-known for orange farming since the Han Dynasty (about 200 BC). Of the 50 different species of oranges grown in that area, the most popular one is "Jing Cheng" (Jing Orange) which has won numerous prizes for the county during its long history of orange farming stretching over 2,000 years.

In addition to the existing 20,000 mu orange farms in Kai County and 30,000 mu orange farms in Fujian province, during the year under review, the Group cultivated another 21,000 mu new orange farms in Kai County with a new breed of orange trees being planted which have the potential to significantly increase the existing production yields. The new orange farms will become productive in 2013.

Customers

The Group sells its FCOJ products to major beverage producers in China such as Coca-Cola. The Group is one of the few certified domestic suppliers of FCOJ to some of the world's leading beverage producers in China. The Directors believe that the Group's well-established track record of 16 years in FCOJ production is one of the key factors attributable to its strong relationships with its world-class customers.

Branding

The Group's fresh oranges are sold under the "Shangguo" and "Summi" brands. In the year under review, the Group successfully sold premier fresh oranges under the "Shangguo" and "Summi" brands at a large premium. It is the Group's strategy to continue the marketing of the "Shangguo" and "Summi" brands in order to maximize the profit generated from the fresh orange business.

FINANCIAL REVIEW

Overview

Sales of the Group increased by 42.1% from RMB337,363,000 for the 12 months ended 30 June 2009 to RMB479,333,000 for the financial year ended 30 June 2010. The profit attributable to the equity holders of the Company increased by 120.3% from RMB71,069,000 for the 12 months ended 30 June 2009 to RMB156,553,000 for the year under review.

Sales

Sales of the Group's concentrated fruit juice products, comprising FCOJ, FCOJ fibre and orange pulp, increased by 24.2% from RMB232,670,000 for the 12 months ended 30 June 2009 to RMB288,979,000 for the year under review, and accounted for 60.3% of the Group's total revenue for the year under review. Each of FCOJ, FCOJ fibre and orange pulp accounted for about 46.2%, 47.4% and 6.4% respectively of the revenue from concentrated fruit juice products. The growth was primarily attributable to the increase in sales volume as a result of expanded production capacity and the launch of the new product, FCOJ fibre.

The average selling price of FCOJ decreased by 12.4% from RMB13,590 per ton during the 12 months ended 30 June 2009 to RMB11,900 per ton during the year under review. Such decline in the unit price was mainly attributable to the sharp decline in the international selling price of FCOJ in the first half of 2009 following the global economic recession. Since the Group normally negotiates its annual sales contracts and pricing with its customers around October and November, the unit price of FCOJ for the 12 months ended 30 June 2010 was affected by the low price level in mid-2009. However, the global FCOJ market has recovered and prices have bounced back from their 2009 trough.

Sales of the Group's fresh oranges increased by 96.6% from RMB93,986,000 for the 12 months ended 30 June 2009 to RMB184,791,000 for the year under review, and accounted for 38.6% of the Group's total revenue. The growth was primarily attributable to increase in sales volume as a result of expanded area under cultivation, as well as the launch of new product "Shangguo" premier fresh oranges, which accounted for 24.0% of the revenue from fresh oranges. Premier fresh oranges were sold at a much higher unit price than the average fresh oranges.

Cost of sales

Cost of sales increased by 16.2% from RMB252,840,000 for the 12 months ended 30 June 2009 to RMB293,807,000 for the year under review. The increase in cost of sales was primarily due to the increase in sales.

The Group's cost of sales primarily consists of the cost of oranges that are used for either the production of concentrated orange juice products or fresh fruit wholesale. There are two types of oranges used by the Group: its own farm grown oranges and purchased oranges. In accordance with the relevant accounting policies, the Group's own farm grown oranges are treated as biological assets at the time of harvest. The value representing the difference between the fair value (i.e. market value at harvest) and the cultivation costs of these oranges (i.e. the gross profit of the Group's own farm grown oranges) to be recognized as "gain from changes in fair value of biological assets" in the consolidated income statement at the time of harvest. The market value is then recognized as cost of sales when the oranges are removed from the inventory for either producing FCOJ or sold as fresh fruit. This effectively increases the reported cost of sales by an amount equals to the gross profit of the Group's own farm grown oranges.

Gross profit

For the reason discussed in the last paragraph, the reported gross profit of the Group in the consolidated income statement does not include the gross profit of its own farm grown oranges. For a better illustration of the Group's overall gross profit, the Group's reportable segment profit (i.e. the gross profit before adjustments of fair value of biological assets) is used as a substitute for discussion here. (Please see note 5 on page 9 for details).

Gross profit for reportable segments increased by 93.8% from RMB136,436,000 for the 12 months ended 30 June 2009 to RMB264,476,000 for the year under review. Gross margin increased from 40.4% to 55.1%. The increase in gross margin was primarily attributable to the sale of FCOJ fibre and premier fresh oranges, both of which bear higher gross margins than the Group's average gross margin for the previous financial year.

Distribution costs

Distribution costs increased by 197.6% from RMB8,272,000 for the 12 months ended 30 June 2009 to RMB24,618,000 for the year under review, primarily as a result of considerable increase in transportation cost as sales increased. Personnel expenses relating to sales and marketing also increased by 82.0% from RMB1,147,000 to RMB2,088,000, primarily attributable to expanded sales team and marketing activities.

Administrative expenses

Administrative expenses increased by 108.2% from RMB21,784,000 for the 12 months ended 30 June 2009 to RMB45,362,000 for the year under review. The increase was primarily attributable to the commencement of operation of the new production facilities and newly leased orange farms in Kai County, Chongqing. Personnel expenses increased significantly by 109.2% from RMB11,855,000 to RMB24,806,000. Suspended production period expenses increased by 208.1% from RMB1,873,000 to RMB5,771,000. Miscellaneous taxation increased by 4.8 times from RMB740,000 to RMB4,269,000. Depreciation and amortization also increased as a result of expanded operation scale.

Income tax

Effective income tax rate reduced to 18.6% for the year ended 30 June 2010 from 29% for the previous financial year, primarily due to the restructuring of the Group's organization structure. During the year under review, the Group separated its orange juice production operation from orange farming operation under different entities. As a result, the orange farming and sales operation was exempted from value added tax and corporate income tax under a favourable policy granted by the Chinese government to agricultural enterprises.

Profit attributable to equity holders of the Company

Profit attributable to equity holders of the Company increased by 120.3% from RMB71,069,000 for the 12 months ended 30 June 2009 to RMB156,553,000 for the year under review.

LIQUIDITY AND FINANCIAL RESOURCES

Liquidity, financial resources and capital structure

The Group's working capital and other capital requirements were principally funded by operations and cash at hand.

As at 30 June 2010, the Group had cash and cash equivalents of RMB429,074,000, total bank loan of RMB5,100,000, and outstanding convertible bonds of RMB133,489,000, as compared to RMB193,121,000 of cash and cash equivalents and RMB5,100,000 of total bank loan as at 30 June 2009. Approximately 65.9%, 31.7% and 2.4% of the cash and cash equivalents were held in RMB, USD and HK$ respectively. The secured bank loan of RMB5,100,000 was an interest-free entrusted bank loan granted by a local finance bureau of the PRC.

As at 30 June 2010, the gearing ratio (total debt including convertible bonds/total equity) of the Group was 21.9% as compared to 1.1% as at 30 June 2009. The current ratio (current assets/current liabilities) was 23.7 times as compared to 15.3 times as at 30 June 2009.

Analysis of turnover of inventories, trade receivables and payables

The Group's inventories primarily consist of finished FCOJ products. Inventory turnover days (inventories/cost of sales) was 5.6 days as at 30 June 2010 as compared to 13.8 days as at 30 June 2009. Turnover days for trade receivables (trade receivables/revenue) decreased from 68.9 days as at 30 June 2009 to 27.8 days as at 30 June 2010. Turnover days for trade payables (trade payables/cost of sales) decreased from 14.4 days as at 30 June 2009 to 13.0 days as at 30 June 2010.

Net finance costs

For the year ended 30 June 2010, net finance costs of the Group were approximately RMB905,000 (same period last year: net finance income of RMB1,205,000).

Contingent liabilities

As at 30 June 2010, the Group did not have any significant outstanding contingent liabilities.

Capital expenditure

During the year ended 30 June 2010, the Group's capital expenditure amounted to RMB48,157,000 as compared to RMB82,238,000 during the same period in 2009. The capital expenditure was used in the acquisition of property, plant and equipment and land use rights.

Pledge of assets

As at 30 June 2010, the Group had pledged bank deposits of RMB5,100,000 to secure bank loan granted to the Group. The same amount of bank deposits was pledged to secure the bank loan as at 30 June 2009.

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 have been employed by the Group for hedging purposes.

FINAL DIVIDEND AND CLOSURE OF THE REGISTER OF MEMBERS

The Directors recommend the payment of a final dividend for 2010 of HK$0.015 per share to shareholders of the Company on the register of members of the Company on 8 November 2010. Based on the number of issue shares as at 30 June 2010, this represents a total distribution for the year of approximately HK$15.1 million. Subject to the approval of the 2010 final dividends by the shareholders at the annual general meeting of the Company to be held on 8 November 2010, it is expected that those dividends will be paid on or around 25 November 2010. The register of members of the Company will be closed from 5 November to 8 November 2010, both dates inclusive, during which no transfer of shares will be effected. In order to quality for attending the annual general meeting and entitlement to the final dividends, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 4 November 2010.

No dividends were declared for the eighteen months ended 30 June 2009.

HUMAN RESOURCES

As at 30 June 2010, the Group employed approximately 740 employees as compared to 310 employees as at 30 June 2009. 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

The Group's turnover and net profit increased by 42.1% and 122.7% respectively during the year under review. The Directors believe that such performance is primarily attributable to the Group's leading position in the domestic industry and the strong demand for concentrated fruit juice products. Looking ahead, the Directors believe that the fruit beverage market in China is likely to maintain the growth momentum in the next few years. The Group will continue to seek growth opportunities by implementing the following strategies:

- **Capacity expansion:** The Group plans to expand its production capacity at the Chongqing factory (Phase II project). The Group would also seek suitable acquisition targets for capacity expansion.

- **Land under cultivation:** The Group currently has a total of 50,000 mu existing orange farms and 21,000 mu new orange farms under cultivation. The Group intends to increase the area of land under cultivation by leasing more existing orange farms and cultivating new orange farms.

- **Brand promotion:** Fresh fruit sales represent one of the Group's major revenue sources. The Group successfully launched the "Shangguo" and "Summi" premier fresh oranges during the year under review. The Group will continue to promote "Shangguo" and "Summi" brands and also to expand its fresh fruit wholesale network.

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

Overall, the Directors are relatively optimistic about the Group's prospects in the forthcoming financial year. The Directors believe that there is still ample room for growth in the Chinese FCOJ and fruit beverage market, given its significant low level of domestic supply and per capita consumption as compared to the more developed western countries. The Company will strive to seize this great opportunity and to deliver value to its shareholders over the medium to longer-term.

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.

ISSUE OF CONVERTIBLE BONDS

On 14 May 2010, the Company (as the issuer) entered into a subscription agreement (the "Agreement") with, inter alia, Sequoia Capital China Growth Fund I, L.P., Sequoia Capital China Growth Partners Fund I, L.P. and Sequoia Capital China GF Principals Fund I, L.P. (collectively, the "Subscribers"), pursuant to which the Subscribers agreed to subscribe for the convertible bonds in an aggregate principal amount of US$22,000,000 (the "Convertible Bonds"). Completion of the subscription under the Agreement took place on 28 May 2010. The Convertible Bonds do not bear any coupon and have a term of maturity of two years. Any outstanding Convertible Bonds shall be redeemed at 110% of the principal amount on the maturity date.

Upon full conversion of the Convertible Bonds, a total of 77,825,000 new shares of the Company will be issued at the conversion price at HK$2.20 per share.

The net proceeds from the issue of the Convertible Bonds of approximately HK$163,430,000 will be used for the increase in production capacity (either by way of organic growth or acquisition) and/or general working capital of the Group.

For details of the Agreement and relevant transactions, please refer to the announcements of the Company dated 14 May 2010 and 31 May 2010.

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

Under code provision A.2.1 of the Code on Corporate Governance Practices (the "Code") in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), 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 of the Code.

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 of the Company as a whole.

The Company understands the importance to comply with the code provision A.2.1 of the Code 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.

Save as disclosed above, the Board considered that the Company had complied with the code provisions set out in the Code during the year ended 30 June 2010.

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 had 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 year ended 30 June 2010.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") consists of all the independent non-executive Directors, namely Mr. Zhuang Xueyuan, Mr. Zhuang Weidong and Mr. Tu Zongcai. The Group's annual results for the year ended 30 June 2010 had been reviewed by the Audit Committee. There are no material uncertainties relating to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditors.

REVIEW OF THE PRELIMINARY ANNOUNCEMENT BY AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 30 June 2010 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year ended 30 June 2010 and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

This final result announcement is published on the website of the Stock Exchange of Hong Kong Limited (http://www.hkex.com.hk) and the Company (http://www.tianyi.com.hk).

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

Quanzhou, Fujian Province, The People's Republic of China
20 September 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.