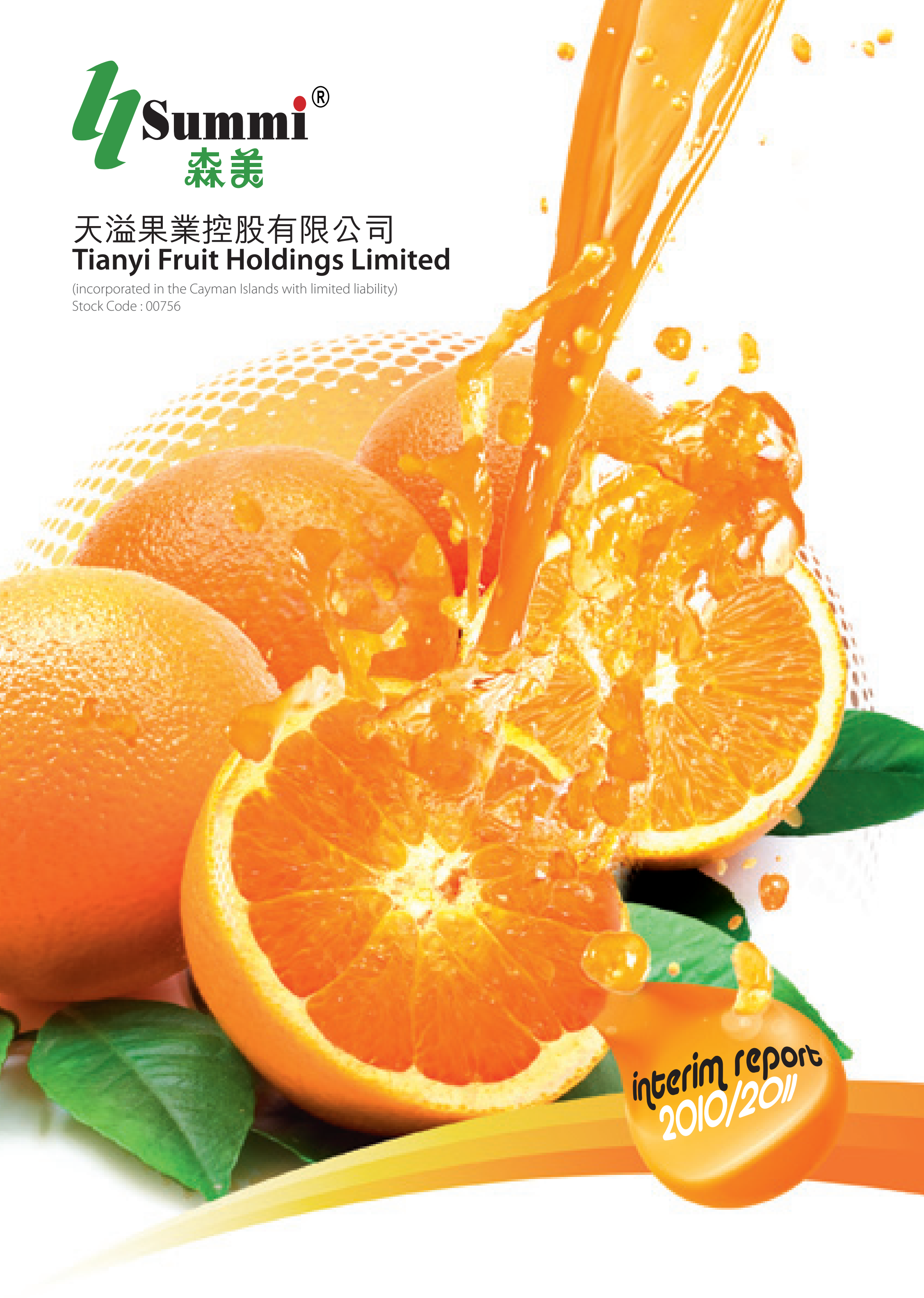
天溢果業控股有限公司
Tianyi Fruit Holdings Limited

(incorporated in the Cayman Islands with limited liability)
Stock Code : 00756



CORPORATE INFORMATION

Directors

Executive Directors
Mr. Sin Ke *(Chairman)*
Mr. San Kwan

Independent Non-Executive Directors
Mr. Zhuang Xueyuan
Mr. Zhuang Weidong
Mr. Tu Zongcai

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

Legal Advisors as to Hong Kong Laws
Loong & Yeung

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.com.hk

FINANCIAL HIGHLIGHTS

	Six months ended 31 December		
	2010	2009	
	RMB	RMB	
	(Unaudited)	(Unaudited)	Change%
Revenue	**209,935,000**	183,996,000	14.1%
Gross Profit [1]	**139,319,000**	99,424,000	40.1%
Net Profit	**131,146,000**	93,353,000	40.5%
Profit attributable to Shareholders	**131,146,000**	91,660,000	43.1%
Earnings per share			
— Basic (RMB cents)	**12.98**	9.16	41.7%
— Diluted (RMB cents)	**12.48**	9.01	38.5%

Note: 1. Gross profit is stated as gross profit before fair value adjustments of biological assets, i.e. including the gross profit of our own farm grown oranges.
(please refer to note 5 to the unaudited interim financial report on pages 30)

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 2010 together with the comparative figures for the corresponding period in 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The revenue of the Group was principally derived from the sales 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 volume.

The fruit juice beverage market in China has maintained rapid growth in recent years, in particular sustained by strong demand for orange juice beverages. FCOJ is the primarily raw material for the production of orange juice beverages. China's existing production capacity of FCOJ is low and relies primarily on imported products to meet its demand. There is a wide gap between the production capacities of China and those of Brazil and the USA, two of the major FCOJ producing countries in the world. Since 1993, the Group has been operating in the FCOJ industry and has accumulated extensive experience. The Group's clientele comprises major international and domestic beverage producers such as Coca-Cola. The Group is also one of the few FCOJ processors operating its own upstream plantations in China. We are of the opinion that the Chinese beverage market is undergoing a change as it has entered into the era of fruit juice beverage. Through relentless efforts, the Group has achieved some satisfactory results. Our goal is to continue to maintain the leading position in the industry and to increase our market share in China through continuous expansion in both production capacity and orange grove plantation as well as improving product mix.

For the six months ended 31 December 2010, the international selling price of FCOJ rose substantially. Domestically, demand for orange juice beverages remained strong and the domestic selling price of FCOJ rose significantly from last year. On the supply side, production output of oranges from major citrus plantation areas in China decreased from that of last year due to abnormal weather conditions last autumn. As a result, the average selling price of oranges for processing into FCOJ and fresh oranges for sale increased from that of last year substantially. Although rising raw material costs had, to certain extent, affected the Group's production volume and gross margin of FCOJ, fortunately, such impact was mitigated by the increase in the selling price of FCOJ and fresh oranges for wholesale. In addition, improved product mix had helped the Group to achieve relatively satisfactory operating results for the period under review.

During the period, the Group commenced the construction of phase II project at Chongqing factory. Upon completion, the Group's production capacity of FCOJ fibre is to increase by 100%.

During the period, the area of the Group's existing orange farms in Chongqing and Fujian Province remained 50,000 mu. The Group had increased its new plantations by 10,000 mu to 31,000 mu in Chongqing. It normally takes about three years for the new plantation to become productive.

During the period, the Group was granted income tax exemption by the relevant PRC tax authorities. The Group is not subject to corporate income tax for its orange juice production, orange farming and sales business from 1 January 2011.

Financial Review

The Group's interim financial results cover the six month period from 1 July 2010 to 31 December 2010.

Revenue

During the period, the revenue of the Group increased from RMB183,996,000 for the same period last year (the six months ended 31 December 2009) to RMB209,935,000, representing an increase of approximately 14.1%.

Sales revenue of FCOJ increased from RMB48,628,000 for the same period last year to RMB52,317,000, representing a growth of 7.6%. Such growth was attributable to the significant increase in the average selling price of FCOJ, despite slightly decrease in sales volume as compared to that of the same period last year. Sales revenue of FCOJ fibre increased by 62.8% from RMB44,080,000 for the same period last year to RMB71,768,000. Such increase was mainly attributable to the significant increase in sales volume accompanied with a stable average selling price. Sales of orange pulp increased by 7.2% from RMB5,456,000 for the same period last year to RMB5,847,000.

Sales revenue of the Group's fresh oranges increased slightly by 0.3% from RMB79,782,000 for the same period last year to RMB80,058,000. Such increase was attributable to significant increase in the average selling price of fresh oranges, while the production output and sales volume decreased as a result of abnormal weather conditions last autumn.

Average Selling Price

During the period, the average selling price of FCOJ was RMB14.83/kg (same period last year: RMB11.75/kg). Such increase was primarily attributable to the significant increase in the international selling price of FCOJ and strong domestic demand for FCOJ products. The average selling price of FCOJ fibre remained stable at RMB6.84/kg (same period last year: RMB6.84/kg). The average selling price of fresh oranges was RMB2.18/kg (same period last year: RMB1.66/kg). The significant rise was attributable to lower yields of oranges as a result of abnormal weather conditions last autumn and the rising trend in the price of agricultural products in China due to inflation.

Gross Profit and Gross Profit Margins

During the period, the Group's gross profit shown in the consolidated income statement was RMB70,235,000, representing an increase of 23.2% as compared with RMB57,023,000 for the same period last year.

The business of the Group involves cultivation of oranges. In accordance with the relevant accounting policies, the Group's own farm grown oranges are treated as biological assets and are subject to fair value adjustment at the time of harvest in each December. Such adjustment would cause the reported gross profit in the Group's consolidated income statement to be less than the Group's actual gross profit due to the fact that an amount representing the gross profit of the Group's own farm grown oranges is excluded from the reported gross profit. Details of such accounting treatment are summarized in the following paragraphs.

In accordance with the relevant accounting policies, the Group's own farm grown oranges are treated as biological assets at the time of harvest in each December. All of the Group's own farm growth oranges are harvested by the end of December and are given a fair value by multiplying the volume by prevailing market price of oranges of the same type. The value representing the difference between the fair value and the cultivation costs of the harvested oranges is recognized as "gain from changes in fair value of biological assets" in the consolidated income statement, which is actually represents the gross profit of the harvested oranges of the Group's own farm. Subsequently, when these oranges are removed from inventory (for either producing FCOJ or sold as fresh oranges), their respective fair value (rather than the cultivation costs) is recognized as costs of sales in the consolidated income statement. This effectively overstates the cost of sales by an amount equivalent to the gross profit of the harvested oranges of the Group's own farm. As a result, the reported gross profit does not include the amount that represents the gross profit of the harvested oranges. Instead, such amount is reported as "gain from changes in fair value of biological assets" after the "gross profit" in the Group's consolidated income statement.

As discussed above, the reported gross profit of the Group in the consolidated income statement on pages 20-21 of this report did not take into account the gross profit of its own farm grown oranges. In order to give a better illustration of the Group's overall gross profit, we use the Group's reportable segment profit results (that is the gross profit before adjustments of fair value of biological assets) as substitutes for discussion in the following paragraphs. Please also refer to note 5 to the unaudited interim financial report on pages 30 for details.

Gross profit for reportable segments grew by 40.1% for the period from RMB99,424,000 for the same period last year to RMB139,319,000. The overall gross profit margin increased from 54% to 66%. Such increase was primarily attributable to the following reasons: (i) the average selling price of FCOJ and fresh oranges increased significantly from that of the same period last year; (ii) sales of FCOJ fibre which had a relatively higher gross profit margin than other products as a percentage of sales from external customers increased from 24% for the same period last year to 34%; and (iii) gross profit contributed by processing oranges for production of FCOJ increased significantly from that of the same period last year due to the substantial increase in the reporting price of such oranges as a result of the selling price increase in fresh oranges while the cultivation costs remained relatively stable.

Gross profit margin of FCOJ declined from that of the same period last year primarily due to a greater increase in the cost of processing oranges than the average selling price of FCOJ products. However, as part of the oranges for FCOJ production came from the Group's own farms, this provided additional gross profit contribution to the Group through the price rise.

Gross profit margin of FCOJ fibre decreased from that of the same period last year, primarily due to the increase in raw material costs. However, since FCOJ fibre had a relatively higher gross margin than other products and FCOJ fibre as a percentage of the Group's sales from external customers increased from 24% for the same period last year to 34%, such increase helped to improve the Group's overall gross margin.

Gross profit margin of the Group's own farm grown oranges for production of FCOJ increased significantly from that of the same period last year. Sales revenue of such oranges was recognized as internal sales between subsidiaries and was therefore not included in the Group's total revenue in the consolidated income statement. However, the relevant gross profit was recognized in the consolidated income statement and therefore helped to significantly improve the Group's overall gross profit margin.

Net Profit

During the period, net profit of the Group was approximately RMB131,146,000, representing an increase of 40.5% from RMB93,353,000 for the same period last year. Profit attributable to equity shareholders of the Company increased by 43.1% from RMB91,660,000 to RMB131,146,000.

Distribution Costs and Administration Expenses

During the period, the Group's distribution costs rose by 20.3% from RMB11,679,000 for the same period last year to RMB14,046,000 for the six months ended 31 December 2010, primarily due to increase in transportation cost.

The Group's administration expenses rose from RMB17,907,000 for the same period last year to RMB18,527,000 for the six months ended 31 December 2010, representing an increase of 3.5%.

Income Tax

During the period, the Group's effective tax rate declined to 7.7% (same period last year: 12%). In accordance with the relevant favorable agricultural policies, the Group was granted income tax exemption by relevant PRC tax authorities during the period. The Group is not subject to corporate income tax for its orange juice production business from 1 January 2011. Since the Group has been already exempted from corporate income tax for its orange plantation and wholesale business, the Group is not subject to any corporate income tax from 1 January 2011 (which will be subject to annual review by the relevant PRC tax authority and change of the relevant tax exemption policies or regulations (if any)).

LIQUIDITY AND FINANCIAL RESOURCE AND CAPITAL STRUCTURE

As at 31 December 2010, the Group had cash and cash equivalent of RMB369,532,000 (30 June 2010: RMB429,074,000), and total bank loan of RMB87,500,000 (30 June 2010: RMB5,100,000). Approximately 95.1%, 4.8% and 0.1% of cash and cash equivalent were held in RMB, HKD and USD respectively. The secured bank loan of RMB5,100,000 was an interest-free entrusted bank loan granted by a local financial bureau of the PRC. The loan of RMB82,400,000 was secured by pledged bank deposits of RMB85,000,000.

As at 31 December 2010, the gearing ratio (total debt /total equity) of the Group was 29.4% (30 June 2010: 21.9%); current assets were RMB688,649,000 (30 June 2010: RMB532,800,000); current liabilities were RMB142,544,000 (30 June 2010: RMB22,486,000); and current ratio (current assets/ current liabilities) was 4.8 (30 June 2010: 23.7).

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 purchase were dominated in RMB. As a result, 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 operation as a result of any future currency fluctuations. No financial instruments were employed by the Group for hedging purposes during the period.

Capital Expenditure

During the period, total capital expenditure of the Group was RMB26,606,000 as compared to RMB47,989,000 for the same period last year, which was used for acquisition of property, plant and equipment and land use rights.

Net Financing Expenses/Income

During the period, the Group's net financing expenses amounted to RMB9,652,000 (financing income in the same period last year: net finance income of RMB74,000).

Interim Dividend

The Board did not recommend the payment of an interim dividend for the six months ended 31 December 2010 (six months ended 31 December 2009: nil).

Charge on Assets

As at 31 December 2010, the Group had pledged bank loan deposits of RMB90,100,000 to secure bank loan granted to the Group (30 June 2010: pledged bank deposits of RMB5,100,000).

Contingent Liabilities

As at 31 December 2010, the Group had no material contingent liabilities (30 June 2010: nil).

HUMAN RESOURCES

As at 31 December 2010, the Group employed approximately 782 employees (31 December 2009: 691 employees). The Group offered competitive remuneration package, discretionary bonuses and social insurance benefits to its employees. Also, a share option scheme was adopted for employees of the Group.

PROSPECTS

The production capacity of the Group had improved from the same period last year. However, when compared with the overall demand for FCOJ in China, our capacity still falls short of meeting such demand. Looking into the future, the Group intends to continue to work on the following areas:

(1) To Expand Production Capacity Through Acquisitions and Phase II Project

The market demands for FCOJ and FCOJ fibre in China are very strong and most of the demand for FCOJ is met by imports. There is no imported FCOJ fibre products available in China market due to high transportation costs and labour cost. The Group is planning to expand its capacity for both FCOJ and FCOJ fibre products through acquisitions and Phase II project at Chongqing factory, with an aim to satisfy market demand.

(2) To Continue to Expand the Land Under Cultivation

Securing raw material supply is an integral part of FCOJ production process. We have plans to increase the area of land for cultivation in our own farms by stages in order to provide sufficient raw materials to meet the current and future production needs. We also plan for continuous expansion of plantation through acquisition.

(3) To Develop Tropical Fruit Juice

In view of the increasing demand for tropical fruits and tropical fruit juice in China, the Group plans to develop tropical fruit juice products in Hainan Province. The Group is actively looking for suitable acquisition targets as well as assessing the feasibility of building a facility in Hainan Province.

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 2010, interests and short positions in the shares of the Company ("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 of Hong Kong Limited (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") in Appendix 10 of the rules governing the listing of securities on the Stock Exchange (the "Listing Rules") are as follows:

1. Interests and Short Position in the Shares

Name of Directors	Capacity/Nature	No. of Shares	Percentage of issued share capital of the Company (Approximately)
Mr. Sin Ke ("Mr. Sin")	Interest of controlled corporation (Note 2)	555,608,145 (L)	54.43%
Mr. San Kwan ("Mr. San")	Beneficial owner	2,600,000 (L)	0.25%

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 (Approximately)
Mr. Sin	Beneficial owner (Note 3)	6,000,000 (L)	0.59%
Mr. San	Beneficial owner (Note 3)	5,400,000 (L)	0.53%

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 2010, 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 2010, so far as 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 (Approximately)
Key Wise	Beneficial owner	555,608,145 (L)	54.43%
Cheer Sky	Interest of controlled corporation (Note 2)	555,608,145 (L)	54.43%
Ms. Hong Man Na	Interest of controlled corporation and interest of spouse (Note 3)	561,608,145 (L)	55.02%
Shen Nanpeng	Interest of controlled corporation (Note 4)	77,825,000 (L)	7.62%
Max Wealth Enterprises Limited ("Max Wealth")	Interest of controlled corporation (Note 4)	77,825,000 (L)	7.62%
SC China Holding Limited ("SC China")	Interest of controlled corporation (Note 4)	77,825,000 (L)	7.62%
Sequoia Capital China Growth Fund Management I, L.P. ("Sequoia Capital China Growth Fund Management")	Interest of controlled corporation (Note 4)	77,825,000 (L)	7.62%

Name of Shareholders	Capacity/Nature	No. of Shares/ underlying Shares	Percentage of issued share capital of the Company (Approximately)
Sequoia Capital China Growth Fund I, L.P.	Beneficial owner	67,878,965 (L)	6.65%
Sequoia Capital China Advisors Limited ("Sequoia Capital China Advisors")	Investment manager (Note 5)	77,825,000 (L)	7.62%
Credit Suisse Trust Limited	Trustee	52,000,000 (L)	5.09%
Power Surge Limited	Interest of controlled corporation	52,000,000 (L)	5.09%
Mr. Shi Zhengrong	Founder of a discretionary trust	52,000,000 (L)	5.09%

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.

4. Shen Nanpeng controlled all the issued shares in Max Wealth which in turn, controlled all the issued shares in SC China. SC China was the general partner of Sequoia Capital China Growth Fund Management which in turn, was the general partner of 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. which held 67,878,965 Shares, 1,618,760 Shares and 8,327,275 Shares respectively. Shen Nanpeng, Max Wealth, SC China and Sequoia Capital China Growth Fund Management were therefore deemed or taken to be interested in all the Shares in which 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. were interested under the SFO.

5. Sequoia Capital China Advisors was the investment manager of 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. which held 67,878,965 Shares, 1,618,760 Shares and 8,327,275 Shares respectively. Sequoia Capital China Advisors was therefore deemed or taken to be interested in all the Shares in which 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. were interested under the SFO.

Save as disclosed above, and as at 31 December 2010, 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

The status of the share options under the share option scheme of the Company (the "Scheme") from 1 July 2010 to 31 December 2010 (the "period") is as follows:

Category of participants	Outstanding as at 1 July 2010	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 31 December 2010	Date of grant of share option	Exercise period of share options	Exercise price of share options HK$	Share price of the Company as at the date of grant of share options* HK$
Directors:									
Sin Ke	6,000,000	—	—	—	6,000,000	18 November 2008	10 years from the date of grant	0.75	0.75
San Kwan	8,000,000	—	2,600,000 #	—	5,400,000	18 November 2008	10 years from the date of grant	0.75	0.75
Employees**	18,050,000	—	8,750,000 ##	—	9,300,000	18 November 2008	10 years from the date of grant	0.75	0.75
Employee***	10,000,000	—	6,000,000 ###	—	4,000,000	11 October 2009	10 years from the date of grant	0.90	0.90
	42,050,000				24,700,000				

* 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, except one of them is the director of the Company's subsidiaries, all of the other 8 employees are not Directors, chief executive or substantial shareholders of the Company or their respective associates.

*** The employee is not a director, chief executive or substantial shareholder of the Company or their respective associates.

\# The average closing price of the Shares immediate before date of exercise was HK$2.79.

\#\# The average closing price of the Shares immediate before date of exercise was HK$2.78.

\#\#\# The average closing price of the Shares immediate before date of exercise was HK$2.81.

The following table lists out the vesting period of the share options granted on 18 November 2008 under the Scheme:

	Name	No. of Option Shares	Vesting period/Maximum percentage of options exercisable from the date of acceptance 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 out the vesting period of the share options granted on 11 October 2009 under the Scheme:

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

No option is granted during the period.

Further details of the share options are set out in note 23 to the unaudited 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 2010, 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. During the period, Mr. Sin Ke had been the chairman of the Board and 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 2010.

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 interim results and the interim report of the Group for the six months ended 31 December 2010.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 31 December 2010 (six months ended 31 December 2009: nil).

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

Quanzhou, Fujian Province, The People's Republic of China
25 February 2011

INTERIM RESULTS

The board (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 2010, 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 2010

	Note	**Six months ended 31 December** **2010** **RMB'000** **(unaudited)**	2009 RMB'000 (unaudited)
Revenue	5	**209,935**	183,996
Cost of sales		**(139,700)**	(126,973)
Gross profit		**70,235**	57,023
Gain from changes in fair value of biological assets less estimated point-of-sale costs	16	**113,142**	77,125
Other income	6	**1,389**	1,770
Distribution costs		**(14,046)**	(11,679)
Administrative expenses		**(18,527)**	(17,907)
Other expenses		**(516)**	(258)
Profit from operations		**151,677**	106,074
Finance income		**941**	357
Finance expenses		**(10,593)**	(283)
Net finance (costs)/income	8(a)	**(9,652)**	74

	Note	Six months ended 31 December 2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)
Profit before taxation		**142,025**	106,148
Income tax	9	**(10,879)**	(12,795)
Profit for the period		**131,146**	93,353
Attributable to:			
Equity shareholders of the Company		**131,146**	91,660
Non-controlling interest		**—**	1,693
Profit for the period		**131,146**	93,353
Earnings per share (RMB cents)			
Basic	10(a)	**12.98**	9.16
Diluted	10(b)	**12.48**	9.01
Interim dividend	11	**—**	—

The notes on pages 27 to 48 form part of these interim financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2010

	Six months ended 31 December	
	2010	2009
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period	**131,146**	93,353
Other comprehensive income for the period:		
Exchange differences on translation of financial statements of overseas subsidiaries	**127**	12
Total comprehensive income for the period	**131,273**	93,365
Total comprehensive income attributable to:		
Equity shareholders of the Company	**131,273**	91,672
Non-controlling interest	**—**	1,693
Total comprehensive income for the period	**131,273**	93,365

The notes on pages 27 to 48 form part of these interim financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2010

	Note	As at 31 December 2010 RMB'000 (unaudited)	As at 30 June 2010 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	12	**160,331**	142,711
Land use rights	13	**11,155**	11,281
Rental prepayments		**124,373**	126,588
Pledged bank deposits	14	**90,100**	5,100
		385,959	285,680
Current assets			
Inventories	15	**98,231**	4,534
Biological assets	16	**5,303**	42,219
Rental prepayments		**13,418**	14,855
Trade and other receivables	17	**166,767**	39,468
Time deposits		**35,398**	2,650
Cash and cash equivalents	18	**369,532**	429,074
		688,649	532,800
Total assets		**1,074,608**	818,480
Current liabilities			
Trade and other payables	19	**49,499**	17,722
Loans and borrowings	20	**82,400**	—
Income tax payables		**10,645**	4,764
		142,544	22,486
Net current assets		**546,105**	510,314

	Note	As at 31 December 2010 RMB'000 (unaudited)	As at 30 June 2010 RMB'000 (audited)
Total assets less current liabilities		**932,064**	795,994
Non-current liabilities			
Loans and borrowings	20	**5,100**	5,100
Deferred income	21	**21,240**	22,420
Convertible bonds	22	**137,507**	133,489
Deferred tax liabilities		**2,350**	1,250
		166,197	162,259
Total liabilities		**308,741**	184,745
Net assets		**765,867**	633,735
Capital and reserves			
Share capital	24	**8,971**	8,822
Reserves		**756,896**	624,913
Total equity attributable to equity shareholders of the Company		**765,867**	633,735
Non-controlling interest		**—**	—
Total equity		**765,867**	633,735

Approved and authorised for issue by the board of directors on 25 February 2011.

Sin Ke
Chairman

San Kwan
Director

The notes on pages 27 to 48 form part of these interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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:									
Profit for the year	—	—	—	—	—	91,660	91,660	1,693	93,353
Other comprehensive income	—	—	—	—	12	—	12	—	12
Total comprehensive income for the period	—	—	—	—	12	91,660	91,672	1,693	93,365
Share options exercised (note 23)	31	2,249	—	—	—	—	2,280	—	2,280
Appropriation to statutory reserves	—	—	—	5,100	—	(5,100)	—	—	—
Equity settled share-based transactions (note 23)	—	—	4,028	—	—	—	4,028	—	4,028
At 31 December 2009	8,822	148,623	47,631	26,950	11	320,517	552,554	1,793	554,347

For the six months ended 31 December 2010

	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 equity RMB'000
At 1 July 2010	8,822	149,444	63,098	34,350	11	378,010	633,735
Changes in equity:							
Profit for the year	—	—	—	—	—	131,146	131,146
Other comprehensive income	—	—	—	—	127	—	127
Total comprehensive income for the period	—	—	—	—	127	131,146	131,273
Dividend to equity shareholders (note 11)	—	—	—	—	—	(13,050)	(13,050)
Share options exercised (note 24)	149	16,517	(4,684)	—	—	—	11,982
Appropriation to statutory reserves	—	—	—	4,460	—	(4,460)	—
Equity settled share-based transactions (note 23)	—	—	1,927	—	—	—	1,927
Total comprehensive income for the period	—	—	—	—	127	131,146	131,273
At 31 December 2010	8,971	165,961	60,341	38,810	138	491,646	765,867

The notes on pages 27 to 48 form part of these interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2010

	Six months ended 31 December	
	2010	2009
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cash generated from operations	**8,844**	28,282
Interest paid	**(1,269)**	—
Income tax paid	**(3,898)**	(5,599)
Net cash generated from operating activities	**3,677**	22,683
Net cash used in investing activities	**(143,412)**	(47,629)
Net cash generated from financing activities	**80,066**	14,880
Net decrease in cash and cash equivalents	**(59,669)**	(10,066)
Cash and cash equivalents at 1 July	**429,074**	193,121
Effect of foreign currency exchange rate changes	**127**	12
Cash and cash equivalents at 31 December	**369,532**	183,067

The notes on pages 27 to 48 form part of these interim 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 2010 comprises the Company and its subsidiaries ("the Group").

2. BASIS OF PREPARATION

The 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 the International Accounting Standards Board ("IASB"). It was authorised for issue on 25 February 2011.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual report for the year ended 30 June 2010, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending 30 June 2011.

3. CHANGE IN ACCOUNTING POLICIES

The IASB has issued 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:

Improvements to IFRSs (2009)

Improvements to IFRSs (2010)

The "Improvements to IFRSs (2009)" and the "Improvements to IFRSs (2010)" 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 ESTIMATES 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 judgements 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 statements as at and for the year ended 30 June 2010.

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 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.

5. SEGMENT INFORMATION (Continued)

— 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 on assets and liabilities to that shown on the Group's consolidated balance sheet is presented.

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 six months ended 31 December 2010 and 31 December 2009 is set out below.

5. SEGMENT INFORMATION (Continued)

(a) Segment results (Continued)

	Six months ended 31 December 2010 (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 (i) RMB'000	Total RMB'000
Revenue from external customers	80,058	—	52,317	71,768	5,847	448	210,438
Inter-segment revenue	—	47,894	—	—	—	—	47,894
Reportable segment revenue	80,058	47,894	52,317	71,768	5,847	448	258,332
Reportable segment profit	43,856	29,073	19,948	41,303	5,059	80	139,319

	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

(i) Revenue from segments below the quantitative thresholds are mainly attributable to two segments of the Group. Those segments include other concentrated juice products and premier fresh oranges. None of those segments met any of the quantitative thresholds for determining reportable segments.

5. SEGMENT INFORMATION (Continued)

(b) Reconciliation of reportable segment revenues and profit

	Six months ended 31 December 2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)
Revenue		
Total revenues for reportable segments	**257,884**	202,419
Other revenue	**448**	6,542
Elimination of inter-segment revenue	**(47,894)**	(24,473)
Sales tax and surcharges	**(503)**	(492)
Consolidated revenue	**209,935**	183,996
Profit		
Total profit for reportable segments	**139,239**	97,840
Other profit	**80**	1,584
	139,319	99,424
Sales tax and surcharges	**(503)**	(492)
Reversal of fair value gain upon sales	**(66,447)**	(39,814)
Gain from changes in fair value of biological assets less estimated point-of-sale costs	**113,142**	77,125
Write-down of inventories	**(2,134)**	(2,095)
Other income	**1,389**	1,770
Distribution costs	**(14,046)**	(11,679)
Administrative expenses	**(18,527)**	(17,907)
Other expenses	**(516)**	(258)
Net finance (costs)/income	**(9,652)**	74
Consolidated profit before taxation	**142,025**	106,148

6. OTHER INCOME

	Six months ended 31 December	
	2010	2009
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Government grants	**1,180**	1,770
Others	**209**	—
	1,389	1,770

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. PERSONNEL EXPENSES

	Six months ended 31 December	
	2010	2009
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Salaries, wages and other benefits	**36,120**	32,096
Contributions to defined contribution plans	**1,221**	641
Equity settled share-based payment	**1,927**	4,028
	39,268	36,765

The Group participates in pension funds organised by the PRC government. According to the 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 HKD 20,000. 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/(income)

	Six months ended 31 December	
	2010	2009
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income on bank deposits	**(941)**	(357)
Finance income	**(941)**	(357)
Interest expenses	**8,935**	—
— convertible bonds	**7,666**	—
— bank loans wholly repayable within five years	**1,269**	—
Bank charges	**32**	20
Net foreign exchange loss	**1,626**	263
Finance expenses	**10,593**	283
Net finance costs/(income)	**9,652**	(74)

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 2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)
Amortisation of land use rights	**126**	66
Depreciation of fixed assets*	**6,782**	2,456
Operating lease charges*	**8,146**	8,026
Auditors' remuneration — audit services	**750**	853
Cost of inventories* (note 15(b))	**139,700**	126,973

* For the six months ended 31 December 2010 and 2009, cost of inventories includes RMB 45,950,000 and RMB 37,857,000 respectively relating to personnel expenses, depreciation expenses and amortisation of rental prepayments.

9. INCOME TAX

Income tax in the consolidated income statement represents:

	Six months ended 31 December 2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)
Current tax expense		
Provision for PRC income tax	**9,779**	11,282
Deferred tax expense		
Origination and reversal of temporary differences	**1,100**	1,513
	10,879	12,795

9. INCOME TAX (Continued)

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

(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 PRC, 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 for the rest of the Group's operating subsidiaries in the PRC is 25% for the six months ended 31 December 2010 (for the six months ended 31 December 2009: 25%).

With effect from 1 January 2011, the Group's subsidiaries which are responsible for orange juice production will be exempt from corporate income tax on profits from orange juice production, pursuant to Cai Shui [2008] No. 149 issued by the Ministry of Finance. Accordingly, from 1 January 2011, all businesses of the Group in the PRC (i.e. cultivation and selling of self-cultivated fresh oranges and orange juice production) will be exempt from corporate income tax, subject to annual review by the local PRC tax authority of the Company's subsidiaries and any future changes in the relevant tax exemption policies or regulations.

(iv) Pursuant to the Corporate Income Tax Law, 10% withholding tax is levied on foreign investors (5% for foreign investors registered in Hong Kong provided they meet certain criteria) in respect of dividend distributions arising from a foreign investment enterprise's profit earned after 1 January 2008. As at 31 December 2010, the management believe that should the Group determined to distribute profits of the Group's PRC subsidiaries in the foreseeable future, the Group will be able to obtain the approval for the preferential withholding tax of 5% in relation to the dividend income.

9. INCOME TAX (Continued)

(iv) *(Continued)*

As the Company controls the dividend policy of the Group's PRC subsidiaries, as at 31 December 2010, deferred tax liabilities of RMB2,350,000 (30 June 2010: RMB1,250,000) 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, based on the assumption that the approval for the 5% preferential withholding tax rate will be obtained. Deferred tax liabilities of RMB16,955,000 (30 June 2010: RMB13,162,000) have not been recognised as at 31 December 2010, as the directors consider it probable that a portion of the undistributed profits earned by the Group's PRC subsidiaries for the period from 1 January 2008 to 31 December 2010 will 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 2010 is based on the profit attributable to the equity shareholders of the Company of RMB131,146,000 (for the six months ended 31 December 2009: RMB91,660,000) and the weighted average of 1,010,166,033 ordinary shares (for the six months ended 31 December 2009: 1,000,712,500 shares) of the Company, calculated as follows:

Weighted average number of ordinary shares

	Six months ended 31 December	
	2010	2009
Issued ordinary shares	**1,000,000,000**	1,000,000,000
Effect of share options exercised	**10,166,033**	712,500
Weighted average number of ordinary shares	**1,010,166,033**	1,000,712,500

10. EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 31 December 2010 is based on the profit attributable to equity shareholders of the Company (diluted) of RMB138,856,000 (for the six months ended 31 December 2009: 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 1,112,641,886 (for the six months ended 31 December 2009: 1,017,684,205), calculated as follows:

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

	Six months ended 31 December	
	2010	2009
	RMB'000	RMB'000
Profit attributable to equity shareholders (basic)	**131,146**	91,660
Effect of effective interest on the liability component of convertible bonds	**7,666**	—
Effect of exchange loss recognised on the liability component of convertible bonds	**44**	—
Profit attributable to equity shareholders (diluted)	**138,856**	91,660

10. EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share (Continued)

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

	Six months ended 31 December	
	2010	2009
Weighted average number of ordinary shares	**1,010,166,033**	1,000,712,500
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**24,650,853**	16,971,705
Effect of conversion of convertible bonds	**77,825,000**	—
Weighted average number of ordinary shares (diluted)	**1,112,641,886**	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. DIVIDENDS

(i) The Directors do not recommend the payment of a dividend in respect of the six months ended 31 December 2010 (six months ended 31 December 2009: nil).

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period.

	Six months ended 31 December	
	2010	2009
	RMB'000	RMB'000
Dividend in respect of the previous financial year, approved and paid during the period	**13,050**	—

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2010, the Group acquired items of buildings, plant and machinery with costs of RMB24,402,000. Apart from that, there are no significant acquisitions/disposals during the six months ended 31 December 2010.

13. LAND USE RIGHTS

	Six months ended	
	31 December 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (unaudited)
Beginning of the period	**11,281**	3,416
Additions	**—**	8,056
Less: amortisation	**(126)**	(66)
End of the period	**11,155**	11,406

All the Group's land use rights relate to land located in the PRC.

14. PLEDGED BANK DEPOSITS

The amount represents a deposit of RMB5,100,000 pledged to secure an interest-free bank loan of RMB5,100,000, and a three-year term deposit of RMB85,000,000 pledged by one of the Group's subsidiaries in Hong Kong to secure an interest-bearing bank loan of RMB82,400,000 of one of the Group's PRC subsidiaries (note 20).

15. INVENTORIES

(a) Inventories in the consolidated balance sheet comprise:

	As at 31 December 2010 RMB'000 (unaudited)	As at 30 June 2010 RMB'000 (audited)
Oranges	**74,146**	—
FCOJ	**21,180**	4,083
FCOJ fibre	**1,289**	—
Consumables and packing materials	**1,616**	451
	98,231	4,534

(b) No provisions were made against inventories as at 31 December 2010 (30 June 2010: nil).

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

	Six months ended 31 December	
	2010 RMB'000 (unaudited)	2009 RMB'000 (unaudited)
Carrying amount of inventories sold	**137,566**	124,878
Write-down of inventories	**2,134**	2,095
	139,700	126,973

(d) Production quantities of agricultural produce:

	Six months ended 31 December	
	2010 tonnes (unaudited)	2009 tonnes (unaudited)
Oranges	**128,432**	146,277

16. BIOLOGICAL ASSETS

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

		Six months ended	
		31 December 2010 RMB'000 (unaudited)	31 December 2009 RMB'000 (unaudited)
Beginning of the period		**42,219**	55,258
Increase due to cultivation		**45,292**	47,856
Gain from changes in fair value less estimated point-of-sale costs	(i)	**113,142**	77,125
Harvested oranges transferred to inventories		**(195,350)**	(175,233)
End of the period	(ii)	**5,303**	5,006

(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 calendar year end. The directors consider that there is no active market for the immature oranges before harvest as at 31 December. The present value of expected cash flows is not considered a reliable measure of their fair value due to the need for, and use of, subjective assumptions including weather condition, natural disaster and effectiveness of pesticide prevention. As such, the directors consider that the fair value of biological assets at 31 December 2010 and 31 December 2009 cannot be measured reliably and no reliable alternative estimates exist to determine fair value. Therefore, biological assets as at 31 December 2010 and 31 December 2009 continue to be stated at cost.

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

17. TRADE AND OTHER RECEIVABLES

	As at 31 December 2010 RMB'000 (unaudited)	As at 30 June 2010 RMB'000 (audited)
Trade receivables	**161,978**	36,446
Prepayments	**2,720**	2,533
Other receivables	**2,069**	489
	166,767	39,468

The Group generally grants credit terms of not more than 90 days depending on the credit worthiness of individual customers. An ageing analysis of the trade receivables as of the balance sheet dates is as follows:

	As at 31 December 2010 RMB'000 (unaudited)	As at 30 June 2010 RMB'000 (audited)
Within three months	**161,974**	36,426
Over three months but less than six months	**1**	1
Over six months but less than one year	**3**	19
	161,978	36,446

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

18. CASH AND CASH EQUIVALENTS

	As at 31 December 2010 RMB'000 (unaudited)	As at 30 June 2010 RMB'000 (audited)
Denominated in RMB	**351,304**	282,526
Denominated in HKD	**17,622**	10,390
Denominated in USD	**606**	136,158
Total cash and cash equivalents	**369,532**	429,074

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.

19. TRADE AND OTHER PAYABLES

	As at 31 December 2010 RMB'000 (unaudited)	As at 30 June 2010 RMB'000 (audited)
Trade payables	**36,273**	10,467
Other payables and accrued expenses	**13,226**	7,255
	49,499	17,722

19. TRADE AND OTHER PAYABLES (Continued)

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 2010 RMB'000 (unaudited)	As at 30 June 2010 RMB'000 (audited)
Not past due	**36,273**	10,467

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 2010 RMB'000 (unaudited)	As at 30 June 2010 RMB'000 (audited)
Within 1 year	**82,400**	—
After 1 year but with 2 years	**2,550**	—
After 2 years but within 3 years	**2,550**	2,550
After 3 years	**—**	2,550
	87,500	5,100
Representing:		
Secured bank loans	**87,500**	5,100

The above loans and borrowings were all denominated in RMB.

20. LOANS AND BORROWINGS (Continued)

(a) Loans and borrowings were repayable as follows: (Continued)

The secured bank loans as at 31 December 2010 are an interest-free entrusted bank loan of RMB5,100,000 extended by a local finance bureau of the PRC, in support of the Group's operations in agricultural industry, and an interest-bearing bank loan of RMB82,400,000 with fixed rate of 5.04% during the six months ended 31 December 2010.

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

	As at 31 December 2010 RMB'000 (unaudited)	As at 30 June 2010 RMB'000 (audited)
Pledged bank deposits (note 14)	**90,100**	5,100

21. 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.

22. CONVERTIBLE BONDS

In May 2010, the Company issued United States Dollar ("USD") Settled Unsecured Zero Coupon Convertible Bonds due 2012 in the aggregate principal amount of USD 22,000,000 (the "Convertible Bonds" or "the Bonds"). The subscription amount payable in respect of each USD 1,000,000 principal amount of the Bonds is approximately RMB6,833,000. The issue of the Bonds was completed on 28 May 2010.

22. CONVERTIBLE BONDS (Continued)

The movement of the liability component and the equity component of the Convertible Bonds for the six months ended 31 December 2010 is set out below:

	Liability component RMB'000	Equity component RMB'000	Total RMB'000
As at 1 July 2010	133,489	12,285	145,774
Interest charged during the six months ended 31 December 2010	7,666	—	7,666
Foreign exchange revaluation loss	44	—	44
Foreign currency translation difference	(3,692)	—	(3,692)
As at 31 December 2010	137,507	12,285	149,792

No conversion of the Convertible Bonds has occurred up to 31 December 2010.

23. 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 gives the holder the right to subscribe for one ordinary share of HKD 0.01 each of the Company.

On 18 November 2008, the Company granted 39,000,000 share options with a subscription price of HKD 0.75 per share to certain qualified participants, all of whom were full-time employees of the Group.

On 11 October 2009, the Company granted an additional 10,000,000 share options with a subscription price of HKD 0.90 per share to an employee of the Group.

During the six months ended 31 December 2010, 17,350,000 share options have been exercised (six months ended 31 December 2009: 3,450,000 share options). Except for this, no share options have been exercised, lapsed or cancelled pursuant to the above share option scheme during the six months ended 31 December 2010.

The options outstanding at 31 December 2010 had a weighted average exercise price of HKD 0.77 (31 December 2009: HKD 0.79) and had a weighted average remaining contractual life of 8.03 years (31 December 2009: 9.09 years).

24. SHARE CAPITAL

During the six months ended 31 December 2010, 17,350,000 ordinary shares of HKD 0.01 of the Company were issued for a total cash consideration of HKD 13,912,480 (equivalent to RMB11,982,000) as certain share options were exercised by the holders pursuant to the share option scheme adopted by the Company. Details of the share option scheme are discussed in note 23.

25. 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 statements were as follows:

	As at 31 December 2010 RMB'000 (unaudited)	As at 30 June 2010 RMB'000 (audited)
Authorised and contracted for	**21,129**	1,193

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

	As at 31 December 2010 RMB'000 (unaudited)	As at 30 June 2010 RMB'000 (audited)
Less than one year	**349**	582
Between one and five years	**21,000**	21,000
More than five years	**21,000**	21,000
	42,349	42,582

26. 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 RMB2,999,544 for the six months ended 31 December 2010 (six months ended 31 December 2009: RMB5,410,781).

Except for the transactions with key management personnel mentioned above, no other significant related party transactions took place during the six months ended 31 December 2010 and 2009, respectively.