



中國天溢控股有限公司  
China Tianyi Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 00756

INTERIM REPORT  
中期報告 2014/2015



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## CORPORATE INFORMATION

### DIRECTORS

#### Executive Directors

Mr. Sin Ke (*Chairman, President and CEO*)  
Mr. San Kwan

#### Non-Executive Director

Mr. Tsang Sze Wai, Claudius

#### Independent Non-Executive Directors

Mr. Zhuang Xueyuan  
Mr. Zhuang Weidong  
Mr. Zeng Jianzhong

### COMPANY SECRETARY

Ms. Leung Pui Shan *HKICPA*

### AUTHORISED REPRESENTATIVES

Mr. San Kwan  
Ms. Leung Pui Shan *HKICPA*

### AUDIT COMMITTEE

Mr. Zhuang Xueyuan (*Chairman*)  
Mr. Zhuang Weidong  
Mr. Zeng Jianzhong

### REMUNERATION COMMITTEE

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

### NOMINATION COMMITTEE

Mr. Sin Ke (*Chairman*)  
Mr. Zhuang Weidong  
Mr. Zeng Jianzhong

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 2003-2004, 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

SHINIEWING (HK) CPA Limited

### LEGAL ADVISORS AS TO HONG KONG LAWS

Loong & Yeung

### PRINCIPAL BANKERS

Agricultural Bank of China  
Bank of China (H.K.)  
Cathay United Bank (Taiwan)  
Luso International Banking Ltd.  
The Hongkong and Shanghai Banking Corporation Limited  
Xiamen International 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](http://www.tianyi.com.hk)

# FINANCIAL SUMMARY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014 (UNAUDITED)

## FINANCIAL HIGHLIGHTS

	31 December 2014 RMB'000	31 December 2013 RMB'000	Change % (Approximate)
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### Statement of profit or loss and other comprehensive income

Revenue	196,485	279,313	-29.7%
Gross profit	59,211	91,280	-35.1%
Gross profit margin	30.1%	32.7%	-2.6pp
Gain on early redemption of convertible bonds	16,313	-	100.0%
EBITDA	84,375	108,696	-22.4%
Profit for the period	50,295	69,028	-27.1%
Basic EPS (RMB cents)	3.75	5.65	-33.6%

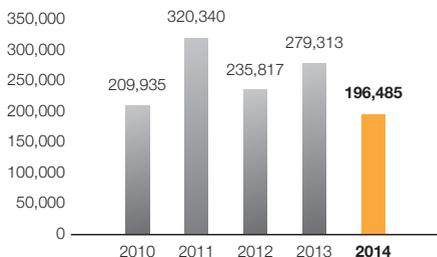
	31 December 2014 RMB'000	30 June 2014 RMB'000	Change % (Approximate)
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### Statement of financial position

Total cash and bank deposits	533,844	683,822	-21.9%
Inventories	35,556	30,986	14.7%
Trade receivables	182,883	38,205	378.7%
Bank loans	533,990	410,490	30.1%
Convertible bonds	-	229,930	-100.0%
Net assets value ("NAV")	1,618,021	1,561,638	3.6%

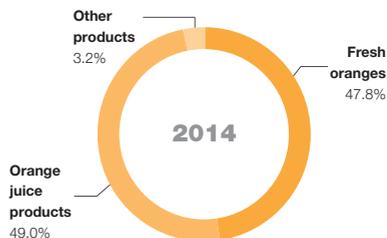
## REVENUE

FOR THE SIX MONTHS ENDED 31 DECEMBER (RMB'000)



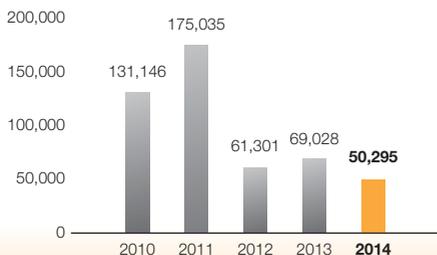
## REVENUE BREAKDOWN

FOR THE SIX MONTHS ENDED 31 DECEMBER (Approximate percentage)



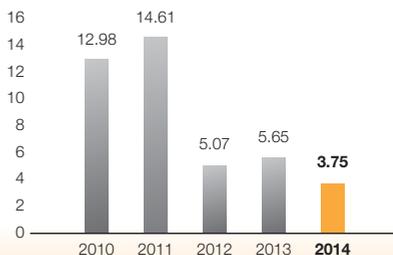
## NET PROFIT

FOR THE SIX MONTHS ENDED 31 DECEMBER (RMB'000)



## BASIC EPS

FOR THE SIX MONTHS ENDED 31 DECEMBER (RMB cents)



# CHAIRMAN'S STATEMENT

Dear Shareholders,

I am very pleased to present to the shareholders (the "Shareholder(s)") of China Tianyi Holdings Limited (the "Company") the unaudited interim report of the Company and its subsidiaries (collectively, the "Group") for the six months ended 31 December 2014 (the "Reporting Period").

## REVIEW AND PROSPECTS

2014 was the year of reflection and change for China Tianyi.

The Group has been adhering to our enterprise spirit "Naturally • Morally upright" for 23 years. Our integrated business model which encompassed the entire value chain, from our own orange plantations to processing and selling of our products, this has enabled the Group to develop into the largest integrated enterprise in Asia. The Group inevitably encounters various difficulties, setbacks and failures in the development process, but with a positive attitude, the Group takes the bull by the horns. However, if corporations want to develop smoothly and have broad market, it is essential to response to market demand.

The China beverage market has recorded double-digit growth every year in the last ten years. Due to the current economic development, better standards of living, enriching material life and rising consumption and education level, more Chinese people are concerned about the health, nutrition and safety of beverages. Therefore, they tend to choose healthy drinks and are even more willing to buy natural drinks at a higher premium.

"Persistence, diligence, pioneering and innovative" has been our philosophy. In 2014, the Group has invested and expanded our own orange plantations and production plants; Updated and upgraded the research and development system, marketing system and management system. With advantage of the industrial chain integration, the Group is aggressively developing Not-From-Concentrate orange juice (the "NFCOJ") in response to consumer demands for health. The Group would also pursue to produce the most nutritious and healthy beverage in the world.

Looking ahead, China is having a great bloom in beverage industry. The next few years will continue to be the restructuring period of China's beverage industry, green health drinks will be emphasised. Building on the Group's extensive experience and strength in the industry and strong reputation acquired over the years, I am confident about the development of NFCOJ business and also believe that our professional team will make the new business a success.



## CHAIRMAN'S STATEMENT

### INVESTOR RELATIONS

One of the main duties of the Board is to maintain good communications with the Shareholders and potential investors. The Group's management paid regular visits to domestic and overseas prestigious institutional investors and private client investment advisors, as well as attended investor conferences, in order to provide the Shareholders and potential investors a thorough understanding of the Group's strategy and the latest business development. It is hoped that by such communication, the Company can enhance the transparency and strength the relationships with investors.

### INTERIM DIVIDENDS

The Board did not recommend the payment of an interim dividend for the six months ended 31 December 2014.

### APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to every Shareholder, customers and business partners for their support, trust and care. I would also like to thank our excellent management team and employees for their efforts. The Group will continue to enhance our core competence and strive to become the leading producer in China's juice beverage industry.

**Sin Ke**

*Chairman*

Hong Kong, 23 February 2015

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND PROSPECT

It is a transitional period of the Group in the year 2014. In response to market demand in China, the Group has put great effort in developing the NFCOJ. During the Reporting Period, capital expenditure of approximately RMB79 million was invested to further develop the NFCOJ processing plant, in order to refine and improve the NFCOJ production and packaging lines and freezer. In addition, since most of our customers signed the sales contracts in December 2014, the Group's revenue decreased by 29.7% to approximately RMB196,485,000.

With economic development in China, there are changes in consumer's eating habit and consumption concept. "No artificial colours or flavors and natural" becomes a very important factor when Chinese people are choosing their drinks. The Group adopts an integrated business model and is one of the few orange juice processors operating its own upstream orange plantations. The Group will continue to strengthen research and development, expand orange plantations and increase production capacity. With our new product – NFCOJ put onto the shelves in the major cities in China, together with the accumulation of public praise, the operation of the Group would step further.

## OPERATING PERFORMANCE

### Revenue

Breakdown of revenue by product for the six months ended 31 December 2014 and 2013 are set out as follows:

	Six months ended 31 December (unaudited)			
	2014		2013	
	RMB'000	Approximate percentage of total revenue	RMB'000	Approximate percentage of total revenue
Sales of orange juice products	96,213	49.0%	160,014	57.3%
Sales of fresh oranges	93,825	47.8%	101,404	36.3%
Sales of other products	6,447	3.2%	17,895	6.4%
<b>Total revenue</b>	<b>196,485</b>	<b>100.0%</b>	279,313	100.0%

During the Reporting Period, the Group's revenue dropped from approximately RMB279,313,000 for the same period last year to approximately RMB196,485,000, representing an approximately 29.7% decrease.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Sales of orange juice products

The sales of the Group's orange juice products, including frozen concentrated orange juice (the "FCOJ"), orange juice pulp and orange fibre, decreased from approximately RMB160,014,000 for the same period last year to approximately RMB96,213,000 for the Reporting Period. Sales of FCOJ decreased by approximately 35.8% from approximately RMB129,495,000 for the same period last year to approximately RMB83,184,000. Sales of orange juice pulp decreased by approximately 62.2% from approximately RMB30,519,000 for the same period last year to approximately RMB11,549,000. Sales of orange juice fibre was approximately RMB1,480,000 for the Reporting Period (31 December 2013: Nil).

## Sales of fresh oranges

During the Reporting Period, there was a decrease in the sales quantities of fresh oranges. Therefore, sales of fresh oranges decreased by approximately 7.5% from approximately RMB101,404,000 for the same period last year to approximately RMB93,825,000.

## Sales of other products

The Group's other products included orange residue and orange baking fillings. During the Reporting Period, sales of orange residue decreased by approximately 26.9% from approximately RMB1,085,000 for the same period last year to approximately RMB793,000. Sales of orange baking fillings decreased by approximately 23.0% from approximately RMB7,334,000 for the same period last year to approximately RMB5,654,000. There was no sales of grapefruit juice during the Reporting Period (31 December 2013: approximately RMB9,476,000).

## Volume of oranges

The Group operates orange plantations and uses the lower-grade oranges harvested from these plantations as raw materials for producing FCOJ and its related products, whereas the remaining higher-grade oranges are sold fresh. In addition to use its own plantations grown oranges, the Group also purchases oranges from independent third parties to produce FCOJ and its related products. The volume of oranges growing from the Group's own orange plantations and the volume of purchased oranges for the six months ended 31 December 2014 and 2013 are set out as follows:

	Six months ended	
	2014	2013
	approximate tonnes	approximate tonnes
Output of oranges from own orange plantations		
– Fresh oranges for sale	39,092	63,127
– Oranges for processing	19,935	38,745
	<b>59,027</b>	101,872
Purchased oranges for processing	55,790	110,047
Total	<b>114,817</b>	211,919

# MANAGEMENT DISCUSSION AND ANALYSIS

## Gross Profit

During the Reporting Period, the Group's gross profit in the unaudited condensed consolidated statement of profit or loss and other comprehensive income decreased by approximately 35.1% to approximately RMB59,211,000 as compared to approximately RMB91,280,000 for the same period last year. The gross profit margin of the Group slightly decreased to approximately 30.1% (31 December 2013: approximately 32.7%).

## Gain from Changes in Fair Value of Biological Assets Less Costs to Sell

During the Reporting Period, the Group's gain from changes in fair value of biological assets less costs to sell was approximately RMB41,070,000 (31 December 2013: approximately RMB30,316,000). The increment was due to the increase in selling price of oranges at the point of harvest during the Reporting Period.

## Gain on Early Redemption of Convertible Bonds

During the Reporting Period, the Group's gain on early redemption of convertible bonds was approximately RMB16,313,000 (31 December 2013: Nil). On 12 November 2014, the Company has early redeemed the Convertible Bonds (as defined hereinbelow), a redemption gain was then recorded and is subject to auditor's review and adjustments.

## Distribution Costs and Administrative Expenses

Distribution costs of the Group are mainly comprised of sales commission and transportation costs. The distribution costs decreased by approximately 18.7% from approximately RMB3,856,000 for the same period last year to approximately RMB3,134,000 for the Reporting Period.

The Group's administrative expenses mainly included general office administrative expenses, salaries and amortisation etc. The administrative expenses increased by approximately 70.0% from approximately RMB29,657,000 for the same period last year to approximately RMB50,410,000 for the Reporting Period. The increase in number of staff hired resulted in the increment of administrative staff salaries during the Reporting Period. Together with the bank charges and professional expenses incurred for re-financing activities, the total amount of administrative expenses increased.

## Finance Costs

During the Reporting Period, the Group's finance costs were approximately RMB14,957,000 (31 December 2013: approximately RMB23,346,000). Since the Convertible Bonds (as defined hereinbelow) issued in 2012 had been redeemed during the Reporting Period, less imputed interest incurred under the Convertible Bonds and resulted in a decrease in finance costs.

## Net profit

During the Reporting Period, the Group's net profit decreased by approximately 27.1% to approximately RMB50,295,000 as compared to approximately RMB69,028,000 for the same period last year.

## Interim Dividend

The Board has resolved not to declare any interim dividend for the six months ended 31 December 2014 (31 December 2013: Nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL STRUCTURE

### Held-to-Maturity Investments

As at 31 December 2014, held-to-maturity investments amounted to approximately RMB15,727,000 (30 June 2014: approximately RMB16,010,000).

### Liquidity

As at 31 December 2014, current assets amounted to approximately RMB785,763,000 (30 June 2014: approximately RMB776,607,000). Current liabilities were approximately RMB277,708,000 (30 June 2014: approximately RMB486,775,000).

### Financial Resources

As at 31 December 2014, the Group had total cash and bank deposits of approximately RMB533,844,000 (30 June 2014: approximately RMB683,822,000); total bank loans of RMB533,990,000 (30 June 2014: RMB410,490,000); and there was no outstanding Convertible Bonds (30 June 2014: approximately RMB229,930,000).

As at 31 December 2014, the Group had trade receivables of approximately RMB182,883,000 (30 June 2014: approximately RMB38,205,000) and inventories of approximately RMB35,556,000 (30 June 2014: approximately RMB30,986,000). The Group had higher trade receivables as compared to last year. During the Reporting Period, the increase in trade receivables was mainly due to most of the sales was made in the month of December 2014.

### Gearing

On 18 May 2012, the Company issued the 3.5% p.a. coupon Convertible Bonds in an aggregate principal amount of HK\$232,800,000 to be due on the third anniversary of the date of issue to CITIC Capital China Access Fund Limited (the "Convertible Bonds"). On 12 November 2014, the Company early redeemed the Convertible Bonds held by CITIC Capital China Access Fund Limited in total redemption amount of HK\$274,448,000, being 118% of all the outstanding principal amount of the Convertible Bonds, in accordance with the terms and conditions of the same. Upon redemption, the Convertible Bonds have been cancelled and CITIC Capital China Access Fund Limited ceased to hold any convertible bonds issued by the Group. Details of the Convertible Bonds and the said redemption are set out in the announcements of the Company dated 9 May 2012, 18 May 2012, 15 August 2014, 18 August 2014, 6 November 2014 and 12 November 2014.

As at 31 December 2014, the total bank loans of the Group amounted to RMB533,990,000 (30 June 2014: RMB410,490,000), of which RMB162,800,000 was secured by cash deposited in offshore bank account (30 June 2014: RMB189,310,000). As at 31 December 2014, the Group's proportion of the total bank loans denominated in Renminbi ("RMB") and foreign currencies were approximately 44.1% and approximately 55.9% respectively (30 June 2014: RMB approximately 60.0% and foreign currencies approximately 40.0%).

# MANAGEMENT DISCUSSION AND ANALYSIS

The Board's approach to manage the Group's working capital is to ensure sufficient liquid assets to meet its matured liabilities so as to avoid any unacceptable losses or damage to the Group's reputation.

	<b>As at 31 December 2014 (unaudited)</b>	As at 30 June 2014 (audited)
Quick ratio (x)	<b>2.3</b>	1.3
Current ratio (x)	<b>2.8</b>	1.6
Gearing ratio ( <i>note (a)</i> )	<b>33.0%</b>	41.0%

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

## Capital Structure

As at 31 December 2014, the total number of issued shares of the Company (the "Shares") was 1,347,860,727 Shares. Based on the closing price of HK\$0.88 per Share as at 31 December 2014, the Company's market value as at 31 December 2014 was approximately HK\$1,186,117,440.

## FOREIGN EXCHANGE EXPOSURE

The Group's sales and purchases were dominated in RMB. As such, the Group has limited exposure to any significant foreign currency exchange risks. The Board does not expect any material impact on the Group's operations caused by any foreign currency fluctuations. No financial instruments were employed by the Group for hedging purpose during the Reporting Period.

## PLEDGE OF ASSETS

As at 31 December 2014, the Group pledged property, plant and equipment of approximately RMB90,588,000 (30 June 2014: approximately RMB94,141,000), land use rights of approximately RMB15,291,000 (30 June 2014: approximately RMB15,476,000) and bank deposits of approximately RMB170,000,000 (30 June 2014: approximately RMB202,170,000) to secure the bank loans granted to the Group.

## CONTINGENT LIABILITIES

As at 31 December 2014, the Group had no material contingent liabilities (30 June 2014: Nil).

## CAPITAL EXPENDITURE

During the Reporting Period, the Group's capital expenditure amounted to approximately RMB88,377,000 (30 June 2014: approximately RMB468,281,000) which was used for acquisition of properties, plants, equipment, land use rights and lease prepayments for orange plantations in Chongqing.

# MANAGEMENT DISCUSSION AND ANALYSIS

## PLANTATIONS AND PLANTS



### Orange Plantations

The Group operates approximately 76,000 mu (equivalent to 50.67 km<sup>2</sup>) of orange plantations with fruit trees and approximately 70,000 mu (equivalent to 46.67 km<sup>2</sup>) of plantations under construction in Chongqing.

#### Productivity of orange plantations

	Six months ended 31 December	
	2014	2013
Area of own orange plantations with fruit trees	<b>76,000 mu</b>	76,000 mu
Average output per mu	<b>0.9 tonnes*</b>	1.8 tonnes
Area of own orange plantations under construction	<b>70,000 mu</b>	70,000 mu
Total area of own orange plantations	<b>146,000 mu</b>	146,000 mu

\* The harvest period was delayed in order to act in concert with the production of NFCOJ in January 2015.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Processing Plant

The Group has a total of four highly efficient production plants strategically located in China's major citrus growing areas, Chongqing, Fujian and Hunan, with advanced equipment imported from the US, Switzerland, Italy and Germany, as well as from China.

The Group has extensive experience in successfully handling the production demands of orange juice processing plants. The involved production process is closely based on the understanding gained by the Group in the design and manufacturing process including years of research and development efforts which have allowed the Group to come up with processing equipment that deliver processed orange juice with superior quality.

## Integrated Business Model

The Group adopts an integrated business model and is one of the few orange juice processors operating its own upstream orange plantations to enhance the value chain.

## HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2014, the Group employed 1,012 employees (31 December 2013: 916 employees). The Group offered competitive remuneration package, discretionary bonuses and social insurance benefits to its employees. In addition, a share option scheme (the "Scheme") has been adopted on 7 June 2008 for, among others, the employees of the Group. The Scheme limit in respect of the grant of options to subscribe for shares in the share capital of the Company has been refreshed on 5 November 2012.

## OTHER INFORMATION

### 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 2014, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("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 Appendix 10 – Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to 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 Director and chief executive	Capacity/Nature	No. of Shares held/ interested in	Approximate percentage of issued share capital of the Company
Mr. Sin Ke ("Mr. Sin")	(i) Interest of controlled corporation (Note 2)	559,712,145 (L)	41.52%
	(ii) Beneficial owner (Note 2)	6,000,000 (L)	0.45%
Mr. San Kwan	Beneficial owner (Note 3)	8,000,000 (L)	0.59%

#### 2. Interests and short position in the underlying Shares

Name of Director and chief executive	Capacity/Nature	No. of underlying Shares held/ interested in	Approximate percentage of issued share capital of the Company
Mr. Sin	Beneficial owner (Note 2)	105,088,000 (L)	7.80%
Mr. San Kwan	Beneficial owner (Note 3)	2,800,000 (L)	0.21%

## OTHER INFORMATION

## INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS *(Continued)*

### 2. Interests and short position in the underlying Shares *(Continued)*

Notes:

1. The letters "L" denote a long position in the Shares/underlying Shares.
2. Mr. Sin was deemed (by virtue of the SFO) to be interested in 670,800,145 Shares. These shares were held in the following capacity:
  - (i) 559,712,145 Shares were held by Key Wise Group Limited ("Key Wise") which is a corporation controlled by Mr. Sin. Mr. Sin beneficially owned 51% interested in Cheer Sky Limited ("Cheer Sky") which beneficially owned 49% interest in Key Wise in turn, held 559,712,145 Shares.
  - (ii) 6,000,000 Shares were held in a beneficial owner capacity.
  - (iii) The options to subscribe for 1,200,000 Shares were granted on 21 March 2013 under the share option scheme of the Company and were held in a beneficial owner capacity.
  - (iv) 103,888,000 Shares were held in a beneficial owner capacity. Mr. Sin was deemed to be interested in such 103,888,000 Shares as Mr. Sin shall not be liable to pay or shall be liable to pay a reduced amount of the relevant shortfall amount to Templeton Strategic Emerging Markets Fund IV, LDC if the Share price has increased to a prescribed price. For further details, please refer to the announcement of the Company dated 24 February 2014.
3. Mr. San Kwan was deemed (by virtue of SFO) to be interested in 10,800,000 Shares. These shares were held in the following capacity:
  - (i) 8,000,000 Shares were held in beneficial owner capacity.
  - (ii) The options to subscribe for 2,800,000 Shares were granted on 21 Mach 2013 under the share option scheme of the Company and were held in beneficial owner capacity.

## OTHER INFORMATION

### INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS *(Continued)*

#### 3. Long position in the ordinary shares of associated corporations

Name of Director and chief executive	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 2014, none of the Directors or chief executive 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.

## OTHER INFORMATION

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 31 December 2014, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fell 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 Shareholder	Capacity/Nature	No. of Shares/ underlying Shares held/ interested in	Approximate percentage of issued share capital of the Company
Key Wise	Beneficial owner	559,712,145 (L)	41.52%
Cheer Sky	Interest of controlled corporation (Note 2)	559,712,145 (L)	41.52%
Ms. Hong Man Na	Interest of controlled corporation and interest of spouse (Note 3)	670,800,145 (L)	49.77%
Templeton Strategic Emerging Markets Fund IV, LDC ("Templeton")	(i) Beneficial owner (ii) Beneficial owner	103,888,000 (L) 103,888,000 (S)	7.71% 7.71%
Templeton Asset Management Limited	(i) Investment manager (Note 4) (ii) Investment manager (Note 4)	103,888,000 (L) 103,888,000 (S)	7.71% 7.71%



## OTHER INFORMATION

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES *(Continued)*

#### Interests and short position in the Shares and underlying Shares *(Continued)*

Notes:

- The letters “L” denote a long position and “S” denote short position in the Shares/underlying Shares.
- Cheer Sky beneficially owned 49% interest in Key Wise and Key Wise held 559,712,145 Shares. Therefore, Cheer Sky was deemed, or taken to be, interested in the 559,712,145 Shares held by Key Wise by virtue of the SFO.
- Ms. Hong Man Na beneficially owned 51% interest in Key Wise. Mr. Sin held 6,000,000 Shares and share options to subscribe for 1,200,000 Shares. Mr. Sin was deemed to be interested in 103,888,000 Shares which held by Templeton as Mr. Sin shall not be liable to pay or shall be liable to pay a reduced amount of the relevant shortfall amount to Templeton if the Share price has increased to a prescribed price. Ms. Hong Man Na is the spouse of Mr. Sin. Therefore, Ms. Hong Man Na was deemed, or taken to be, interested in the 559,712,145 Shares held by Key Wise, 6,000,000 Shares held by Mr. Sin, the share options to subscribe for 1,200,000 Shares held by Mr. Sin and the undertake of 103,888,000 Shares by Mr. Sin by virtue of the SFO.
- As known to the Directors after making reasonable enquiries, as at 31 December 2014, Templeton Asset Management Limited is the investment manager of Templeton which in turn, held 103,888,000 Shares and the short position over 103,888,000 Shares. Therefore, Templeton Asset Management Limited was deemed, or taken to be, interested in the 103,888,000 Shares and the short position over 103,888,000 Shares held by Templeton by virtue of the SFO.

Save as disclosed above, as at 31 December 2014, 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.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the details as disclosed under the heading “Interests and short positions of the Directors and chief executives in Shares, underlying Shares and debentures of the Company and its associated corporations” above, at no time during the Reporting Period there were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

## OTHER INFORMATION

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, save for the early redemption of the convertible bonds by the Company, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities. For further details of the early redemption, please refer to the announcements of the Company dated 15 August 2014, 18 August 2014, 6 November 2014 and 12 November 2014.

### FACILITY AGREEMENT AND SUBSISTING SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

On 14 October 2014, the Company (as borrower), six of its non-PRC incorporated subsidiaries (as corporate guarantors) and Mr. Sin (as individual guarantor) entered into a facility agreement (the "Facility Agreement") with several financial institutions (as lender), relating to a term facility up to an amount of USD35,000,000.

Pursuant to the Facility Agreement, it would be an event of default under the Facility Agreement if Mr. Sin and his family (defined as his spouse, children, step-children, parents, grandparents, and the trustees of any trust of which Mr. Sin or any of his family interests is a beneficiary or, in the case of a discretionary trust, is (to his knowledge) a discretionary object) acting in concert do not, or cease to beneficially own (directly or indirectly) 30% or more of the issued voting equity share capital of the Company or do not, or cease to exercise the power to direct the Company's policies and management, whether by contract or otherwise.

As at the date of this report, the terms of the Facility Agreement and the aforesaid specific performance obligations imposed thereunder are duly complied with. Details of the Facility Agreement and the specific performance obligations imposed are set out in the announcement of the Company dated 14 October 2014.

### CHANGE OF CHIEF EXECUTIVE OFFICER

Mr. Liao Yuang-whang resigned from office of chief executive officer of the Company with effect from 1 December 2014 due to the need to focus on his family affairs. Mr. Sin Ke was appointed as the chief executive officer of the Company with effect from 1 December 2014. For details of the aforesaid appointment, please refer to the announcement of the Company dated 1 December 2014.

## OTHER INFORMATION

### SHARE OPTION SCHEME

The status of the share options under the Scheme during the Reporting Period is as follows:

Category of participants	As at 1 July 2014	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled/ Lapsed during the Reporting Period	As at 31 December 2014	Date of grant of share options	Exercise period of share options	Share price of the Company as at the date of grant of share options*	
								Exercise price of share options HK\$	Exercise price of share options* HK\$
<b>Directors/ chief executive</b>									
Mr. Sin	6,000,000	-	6,000,000 <sup>#</sup>	-	-	18 November 2008	10 years from the date of grant	0.75	0.75
	1,200,000	-	-	-	1,200,000	21 March 2013	2 years from the date of grant	1.03	1.03
Mr. San Kwan	5,400,000	-	5,400,000 <sup>#</sup>	-	-	18 November 2008	10 years from the date of grant	0.75	0.75
	2,800,000	-	-	-	2,800,000	21 March 2013	2 years from the date of grant	1.03	1.03
<b>Other qualified participants**</b>	50,000,000	-	-	-	50,000,000	21 March 2013	2 years from the date of grant	1.03	1.03
<b>Total</b>	<b>65,400,000</b>	<b>-</b>	<b>11,400,000</b>	<b>-</b>	<b>54,000,000</b>				

\* 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.

\*\* Other qualified participants of the Group being granted share options under the Scheme, all of them are not Directors, chief executive or substantial Shareholders or their respective associates.

# The weighted average closing price of the Shares immediately before dates of exercise was HK\$1.21.

## OTHER INFORMATION

## SHARE OPTION SCHEME (Continued)

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

Name	No. of share options	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/ chief executive	Mr. Sin	6,000,000	0.00%	33.33%	66.67%	100.00%
	Mr. San Kwan	8,000,000	0.00%	30.00%	60.00%	100.00%
Others qualified participants		25,000,000	0.00%	31.20%	62.40%	100.00%
		39,000,000	0.00%	31.28%	62.56%	100.00%

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

	No. of share options	Vesting period/Maximum percentage of options exercisable from the date of acceptance			
		0-12 months	13-24 months	25-36 months	After 36 months
Other qualified participants	10,000,000	30%	60%	100%	100%

## OTHER INFORMATION

### SHARE OPTION SCHEME *(Continued)*

The following table lists the vesting period of the share options granted on 4 January 2013 under the Scheme:

	No. of share options	Vesting period/Maximum percentage of options exercisable from the date of acceptance			
		0-12 months	13-24 months	25-36 months	After 36 months
Others qualified participants	62,400,000	100%	-	-	-

The following table lists the vesting period of the share options granted on 21 March 2013 under the Scheme:

Name	No. of share options	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/ chief executive	Mr. Sin	1,200,000	100%	100%	-	-
	Mr. San Kwan	2,800,000	100%	100%	-	-
Others qualified participants		53,200,000	100%	100%	-	-
		57,200,000	100%	100%	-	-

For further information of the share options, please refer to note 25 to the consolidated financial statements.

## CORPORATE GOVERNANCE

The Board recognises the importance of good corporate governance practices in safeguarding the interest of the Shareholders. The Company commits to achieving and maintaining high standards of corporate governance, the principles of which serve to uphold transparency, accountability and independence in all aspects of business and endeavours to ensure that affairs are conducted in accordance with applicable laws and regulations. The corporate governance practices adopted by the Company is in compliance with the principles of the Corporate Governance Code (the “Code”) contained in Appendix 14 of the Listing Rules. The general framework of the Company’s corporate governance practice is set out in the corporate governance report in the 2014 Annual Report of the Company, which is available on the website of the Company.

### THE BOARD

The Board comprises two executive Directors, one non-executive Director and three independent non-executive Directors. The Board will periodically review the Company’s current corporate governance practices and procedures and will maintain and further enhance the standard of corporate governance practices of the Company, in order to ensure it is in line with international and local best practices.

### REMUNERATION COMMITTEE

The Company established the Remuneration Committee which comprises one executive Director and two independent non-executive Directors. The roles and functions of the Remuneration Committee include consulting the Chairman of the Board about their remuneration proposals for other executive Directors, making recommendation to the Board on the Company’s remuneration policy and structure for all Directors and senior management and making recommendation to the Board on the remuneration packages of individual Director and senior management. The Remuneration Committee’s authority and duties are set out in written terms of reference that are posted on the website of the Stock Exchange and the Company.

### NOMINATION COMMITTEE

The Company established the Nomination Committee which comprises one executive Director and two independent non-executive Directors. The roles and functions of the Nomination Committee include reviewing the structure, size, composition and diversity (including the skills, knowledge and experience) of the Board, identifying individuals suitably qualified to become Board member and assessing the independence of independent non-executive Directors. The Nomination Committee is established with specific terms of reference which deal clearly with the committee’s authority and duties and is available on the website of the Stock Exchange and the Company.

### AUDIT COMMITTEE

The Company established the Audit Committee which comprises three independent non-executive Directors. The primary duties of the Audit Committee are to review the Company’s financial information, review and supervise the Company’s financial reporting process and internal control procedures, nominate and monitor external auditors and provide advice and comments to the Board. The Audit Committee is established with specific terms of references which deal clearly with the committee’s authority and duties and is available on the website of the Stock Exchange and the Company.



## CORPORATE GOVERNANCE

The Audit Committee 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 2014.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company's corporate governance practices have complied with the code provisions set out in the Code throughout the six months ended 31 December 2014, except for deviation mentioned below:

#### Code Provision A.2.1

Under the Code Provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing.

Mr. Sin Ke is currently the chairman of the Board and the chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues relating to the operations of the Company. The Board will review the management structure regularly and consider separating the roles of the chairman and chief executive officer if and when appropriate.

### CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. Specific enquiry has been made of all the Directors and the Directors have confirmed that they had complied with the required standard set out in the Model Code and code of conduct during the Reporting Period.

On behalf of the Board

**Sin Ke**

*Chairman*

Hong Kong, 23 February 2015

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	Notes	Six months ended 31 December	
		2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
<b>Revenue</b>	4	<b>196,485</b>	279,313
Cost of sales	15	<b>(137,274)</b>	(188,033)
<b>Gross profit</b>		<b>59,211</b>	91,280
Gain from changes in fair value of biological assets less costs to sell	16	<b>41,070</b>	30,316
Other revenue	4	<b>3,876</b>	5,599
Gain on early redemption of convertible bonds	23	<b>16,313</b>	–
Distribution costs		<b>(3,134)</b>	(3,856)
Administrative expenses		<b>(50,410)</b>	(29,657)
Other operating expenses		<b>(2,119)</b>	(1,364)
<b>Profit from operations</b>		<b>64,807</b>	92,318
Finance costs	5		
– Interest expenses		<b>(8,748)</b>	(6,722)
– Imputed interest expenses on convertible bonds		<b>(6,209)</b>	(16,624)
<b>Profit before tax</b>	6	<b>49,850</b>	68,972
Income tax credit	7	<b>445</b>	56
<b>Profit for the period attributable to owners of the Company</b>		<b>50,295</b>	69,028
<b>Other comprehensive income (expense) Item that may be reclassified subsequently to profit or loss:</b>			
Exchange differences arising on translation of foreign operations		<b>10,482</b>	(3,731)
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b>60,777</b>	65,297
<b>Earnings per share</b>	9		
– Basic (RMB cents)		<b>3.75</b>	5.65
– Diluted (RMB cents)		<b>3.71</b>	5.05

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

		As at 31 December 2014 RMB'000 (unaudited)	As at 30 June 2014 RMB'000 (audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	10	465,114	394,274
Land use rights	11	23,932	24,210
Lease prepayments for orange plantations		718,155	747,880
Goodwill	12	56,696	56,696
Intangible assets	13	71,346	75,547
Held-to-maturity investments	14	15,727	16,010
Pledged bank deposits	19	170,000	171,062
		<b>1,520,970</b>	1,485,679
<b>Current assets</b>			
Inventories	15	35,556	30,986
Biological assets	16	99,894	90,485
Lease prepayments for orange plantations		89,066	81,815
Trade receivables	17	182,883	38,205
Other receivables, deposits and prepayments	18	14,520	22,356
Pledged bank deposits	19	-	31,108
Cash and cash equivalents	20	363,844	481,652
		<b>785,763</b>	776,607
<b>Current liabilities</b>			
Trade payables	21	59,385	10,176
Other payables and accruals		63,787	16,849
Bank loans	22	153,873	229,734
Convertible bonds	23	-	229,930
Income tax payable		663	86
		<b>277,708</b>	486,775
<b>Net current assets</b>		<b>508,055</b>	289,832
<b>Total assets less current liabilities</b>		<b>2,029,025</b>	1,775,511

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

		<b>As at 31 December 2014 RMB'000 (unaudited)</b>	As at 30 June 2014 RMB'000 (audited)
	<i>Notes</i>		
<b>Non-current liabilities</b>			
Bank loans	22	<b>380,117</b>	180,756
Deferred income	24	<b>11,800</b>	12,980
Deferred tax liabilities	27	<b>19,087</b>	20,137
		<b>411,004</b>	213,873
<b>Net assets</b>		<b>1,618,021</b>	1,561,638
<b>Capital and reserves</b>			
Share capital	28	<b>11,610</b>	11,520
Reserves	29	<b>1,606,411</b>	1,550,118
<b>Total equity</b>		<b>1,618,021</b>	1,561,638

The unaudited condensed consolidated financial statements on pages 24 to 64 were approved and authorised for issue by the board of directors on 23 February 2015 and are signed on its behalf by:

**Sin Ke**  
*Chairman*

**San Kwan**  
*Director*

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	Attributable to owners of the Company						Total RMB'000
	Share capital RMB'000	Share premium RMB'000 (Note 29(a))	Capital reserve RMB'000	Statutory reserves RMB'000 (Note 29(b))	Exchange reserve RMB'000 (Note 29(c))	Retained profits RMB'000	
At 1 July 2013 (audited)	10,682	409,997	71,608	38,810	5,152	843,889	1,380,138
Profit for the period	-	-	-	-	-	69,028	69,028
Other comprehensive income for the period							
– Exchange differences arising on translation of foreign operations	-	-	-	-	(3,731)	-	(3,731)
Total comprehensive income for the period	-	-	-	-	(3,731)	69,028	65,297
Shares issued under share option scheme (note 28)	8	972	(162)	-	-	-	818
Dividend paid	-	(24,217)	-	-	-	-	(24,217)
At 31 December 2013 (unaudited)	10,690	386,752	71,446	38,810	1,421	912,917	1,422,036

	Attributable to owners of the Company						Total RMB'000
	Share capital RMB'000	Share premium RMB'000 (Note 29(a))	Capital reserve RMB'000	Statutory reserves RMB'000 (Note 29(b))	Exchange reserve RMB'000 (Note 29(c))	Retained profits RMB'000	
At 1 July 2014 (audited)	11,520	478,644	65,997	38,810	461	966,206	1,561,638
Profit for the period	-	-	-	-	-	50,295	50,295
Other comprehensive income for the period							
– Exchange differences arising on translation of foreign operations	-	-	-	-	10,482	-	10,482
Total comprehensive income for the period	-	-	-	-	10,482	50,295	60,777
Shares issued under share option scheme (note 28)	90	9,436	(2,446)	-	-	-	7,080
Redemption of convertible bonds (note 23)	-	-	(11,474)	-	-	-	(11,474)
At 31 December 2014 (unaudited)	11,610	488,080	52,077	38,810	10,943	1,016,501	1,618,021

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

	Six months ended 31 December	
	2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
<b>Cash from/(used in) operations</b>	<b>32,319</b>	(100,147)
Income tax paid	(473)	(33,452)
<b>NET CASH FROM/(USED IN) OPERATING ACTIVITIES</b>	<b>31,846</b>	(133,599)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(55,269)</b>	(103,616)
<b>NET CASH (USED IN)/FROM FINANCING ACTIVITIES</b>	<b>(106,211)</b>	178,398
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(129,634)</b>	(58,817)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>481,652</b>	488,913
Effect of foreign exchange rate changes	11,826	(6,547)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash</b>	<b>363,844</b>	423,549

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 1. GENERAL

China Tianyi Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section to the Interim Report. In the opinion of the directors of the Company (the “Directors”), its parent and ultimate holding company is Key Wise Group Limited, a company incorporated in the British Virgin Islands (the “BVI”).

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in cultivation and selling of fresh oranges, manufacturing and selling of frozen concentrated orange juice (“FCOJ”) and its related products.

The Company’s functional currency is Hong Kong dollars (“HK\$”) while that for the major subsidiaries in the People’s Republic of China (the “PRC”) is Renminbi (“RMB”). As the operation of the Group is mainly held in the PRC, the Directors consider that it is appropriate to present the unaudited condensed consolidated financial statements in RMB.

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”). In addition, the unaudited condensed consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for biological assets and financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 31 December 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2014.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

In the current interim period, the Group has adopted the following new and revised IFRSs issued by the IASB.

Amendments to IFRSs	Annual Improvements to IFRSs 2009–2011 Cycle
Amendments to IFRS 1	First-time Adoption of IFRSs – Government Loans
Amendments to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IAS 19 (as revised in 2011)	Employee Benefits
IAS 27 (as revised in 2011)	Separate Financial Statements
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets (early adopted)
International Financial Reporting Interpretation Committee (“IFRIC”)	Stripping Costs in the Production Phase of a Surface Mine
– Interpretation (“Int”) 20	

The application of the new and revised IFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current interim period and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### New and revised IFRSs in issue but not yet effective

The Group has not early adopted the following new and revised IFRSs, amendments or interpretations that have been issued but are not yet effective.

Amendments to IFRSs	Annual Improvement to IFRSs 2010–2012 Cycle <sup>2</sup>
Amendments to IFRSs	Annual Improvement to IFRSs 2011–2013 Cycle <sup>2</sup>
IFRS 9	Financial Instruments <sup>5</sup>
Amendments to IFRS 10	Investment Entities <sup>1</sup>
and IFRS 12 and IAS 27	
Amendments to IFRS 10	Sale or Contribution of Assets between an Investor
and IAS 28	and its Associate or Joint Venture <sup>3</sup>
Amendments to IFRS 11	Accounting for Acquisitions of Interests in
	Joint Operations <sup>3</sup>
IFRS 14	Regulatory Deferral Accounts <sup>3</sup>
IFRS 15	Revenue from Contracts with Customers <sup>4</sup>
Amendments to IAS 16	Clarification of Acceptable Methods of Depreciation
and IAS 38	and Amortisation <sup>3</sup>
Amendments to IAS 16	Agriculture: Bearer Plants <sup>3</sup>
and IAS 41	
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions <sup>2</sup>
Amendments to IAS 27	Equity Method in Separate Financial Statements <sup>3</sup>
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
Amendments to IAS 39	Novation of Derivatives and Continuation of
	Hedge Accounting <sup>1</sup>
IFRIC – Int 21	Levies <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014, with early application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2014, with early application is permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

The directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 3. SEGMENT INFORMATION

The Group determines its operating segments based on the information reported to the chief operating decision maker, being the most senior executive management of the Group, for making strategic decisions and assessing the performance of each operating segment. The segments are managed separately as each operating segment offers different products which require different production information to formulate different strategies. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group. The Group's reportable and operating segments are organised as follows:

1. Plantation of agricultural produce – planting, cultivation and sale of fresh oranges
2. Production of processed fruits – manufacture and sale of orange juice and its related products

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

### 3. SEGMENT INFORMATION (Continued)

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

	Plantation of agricultural produce RMB'000	Production of processed fruits RMB'000	Consolidated RMB'000
<b>Six months ended 31 December 2014 (unaudited) Segment revenue</b>			
Sales to external customers	93,825	102,660	196,485
Intersegment sales	11,961	36,300	48,261
Segment revenue	<b>105,786</b>	<b>138,960</b>	<b>244,746</b>
Elimination			(48,261)
Consolidated revenue			<b>196,485</b>
<b>Segment results</b>	<b>50,822</b>	<b>15,871</b>	<b>66,693</b>
Unallocated gains			19,010
Corporate and other unallocated expenses			(20,896)
Finance costs			(14,957)
Profit before tax			<b>49,850</b>
<b>At 31 December 2014 (unaudited) Assets and liabilities</b>			
Segment assets	<b>1,002,481</b>	<b>739,807</b>	<b>1,742,288</b>
Corporate and other unallocated assets			564,445
Total assets			<b>2,306,733</b>
Segment liabilities	<b>10,790</b>	<b>121,523</b>	<b>132,313</b>
Corporate and other unallocated liabilities			556,399
Total liabilities			<b>688,712</b>

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 3. SEGMENT INFORMATION (Continued)

	Plantation of agricultural produce RMB'000	Production of processed fruits RMB'000	Consolidated RMB'000
<b>Six months ended 31 December 2013 (unaudited)</b>			
<b>Segment revenue</b>			
Sales to external customers	101,404	177,909	279,313
Intersegment sales	21,310	69,388	90,698
Segment revenue	122,714	247,297	370,011
Elimination			(90,698)
Consolidated revenue			279,313
<b>Segment results</b>	24,294	68,601	92,895
Unallocated gains			4,299
Corporate and other unallocated expenses			(4,876)
Finance costs			(23,346)
Profit before tax			68,972
<b>At 30 June 2014 (audited)</b>			
<b>Assets and liabilities</b>			
Segment assets	920,179	619,642	1,539,821
Corporate and other unallocated assets			722,465
Total assets			2,262,286
Segment liabilities	10,640	26,422	37,062
Corporate and other unallocated liabilities			663,586
Total liabilities			700,648

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

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

The accounting policies of the operating segment are identical to the Group's accounting policies. Segment results represent the profit attributable to each segment without allocation of central administration costs, director's remuneration, bank interest income and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

For the purposes of monitoring segment performances and allocating resources between segments:

- (a) all assets are allocated to operating segments other than held-to-maturity investments, pledged bank deposits, cash and cash equivalents, certain property, plant and equipment and other receivables which were managed in a centralised manner.
- (b) all liabilities are allocated to operating segments other than bank loans, convertible bonds, income tax payable, deferred tax liabilities and certain other payables which were managed in a centralised manner.

Inter-segment sales are charged at prevailing market rates.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 3. SEGMENT INFORMATION (Continued)

### Other segment information

	Six months ended 31 December 2014 (unaudited)			
	Plantation of agricultural produce RMB'000	Production of processed fruits RMB'000	Unallocated RMB'000	Consolidated RMB'000
<b>Amounts included in the measure of segment profit or segment assets:</b>				
Depreciation and amortisation (note 1)	-	19,468	101	19,569
Additions to non-current assets (note 2)	-	87,219	1,158	88,377
Written-off of property, plant and equipment	-	8,418	-	8,418
Gain from changes in fair value of biological assets less costs to sell	(41,070)	-	-	(41,070)
Gain on early redemption of convertible bonds	-	-	(16,313)	(16,313)
Government grants	-	(11,800)	-	(11,800)
<b>Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets:</b>				
Bank interest income	(4)	(673)	(436)	(1,113)
Interest income from pledged bank deposits	-	-	(409)	(409)
Interest income from held-to-maturity investments	-	-	(478)	(478)
Finance costs				
– Interest expenses	-	5,182	3,566	8,748
– Imputed interest expenses on convertible bonds (note 3)	-	-	6,209	6,209
Income tax credit	-	-	(455)	(455)

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 3. SEGMENT INFORMATION (Continued)

### Other segment information (Continued)

	Six months ended 31 December 2013 (unaudited)			
	Plantation of agricultural produce RMB'000	Production of processed fruits RMB'000	Unallocated RMB'000	Consolidated RMB'000
<b>Amounts included in the measure of segment profit or segment assets:</b>				
Depreciation and amortisation <i>(note 1)</i>	–	16,291	87	16,378
Additions to non-current assets <i>(note 2)</i>	–	12,022	–	12,022
Loss on disposal of property, plant and equipment	–	–	203	203
Gain from changes in fair value of biological assets less costs to sell	(30,316)	–	–	(30,316)
Government grants	–	(1,300)	–	(1,300)
<b>Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets:</b>				
Bank interest income	(8)	(1,686)	(2,285)	(3,979)
Finance costs				
– Interest expenses	–	5,334	1,388	6,722
– Imputed interest expenses on convertible bonds <i>(note 3)</i>	–	–	16,624	16,624
Income tax credit	–	–	(56)	(56)

*Note 1:* Amount excluded amortisation of lease prepayments for orange plantations.

*Note 2:* Amount included property, plant and equipment, intangible assets and land use rights acquired from business combination and excluded additions to lease prepayments for orange plantations, pledged bank deposits and held-to-maturity investments.

*Note 3:* Amount included the 3.5% coupon per annum and non-cash amortisation expenses of convertible bond issued in year 2012 up to August 2014.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 3. SEGMENT INFORMATION *(Continued)*

### Other segment information *(Continued)*

#### *Geographic information*

In view of the fact that the Group mainly operates in PRC (country of domicile), no geographical segment information is presented.

#### *Revenue from major products*

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

	Six months ended	
	31 December	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sales of orange juice products	<b>96,213</b>	160,014
Sales of fresh oranges	<b>93,825</b>	101,404
Sales of other products	<b>6,447</b>	17,895
	<b>196,485</b>	279,313

#### *Information about major customers*

The Group has identified 3 customers (31 December 2013: 4) which individually represented over 10% of the Group's total external sales.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

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

#### Other segment information *(Continued)*

Information about major customers *(Continued)*

The sales to the major customers during the periods are as follows:

	Six months ended	
	31 December	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Customer A <sup>2</sup>	93,825	101,404
Customer B <sup>1</sup>	33,250	41,335
Customer C <sup>1</sup>	28,801	41,629
Customer D <sup>1</sup>	N/A <sup>3</sup>	41,437

<sup>1</sup> Revenue from production of processed fruits segment.

<sup>2</sup> Revenue from plantation of agricultural produce segment.

<sup>3</sup> The corresponding revenue did not contribute over 10% of the total external sales of the Group.

### 4. REVENUE AND OTHER REVENUE

Revenue represents the revenue arising on the sales of fresh oranges, orange juice products and its related products.

An analysis of other revenue is as follows:

	Six months ended	
	31 December	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Bank interest income	2,000	3,979
Government grants	1,180	1,300
Others	696	320
	<b>3,876</b>	<b>5,599</b>

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 5. FINANCE COSTS

	Six months ended 31 December	
	2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
Imputed interest expenses on convertible bonds ( <i>note 23</i> )	6,209	16,624
Interest expenses on secured bank loans wholly repayable within five years	8,748	6,722
	<b>14,957</b>	<b>23,346</b>

## 6. PROFIT BEFORE TAX

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

	Six months ended 31 December	
	2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
Staff costs, including directors' and chief executive's remuneration:		
Wages, salaries and other benefits	36,899	40,937
Contributions to defined contribution plans	5,119	3,570
	<b>42,018</b>	<b>44,507</b>
Amortisation of land use rights	348	254
Amortisation of intangible assets	4,201	4,202
Depreciation of property, plant and equipment	15,019	11,922
Operating lease charges in respect of rented premises	30,063	21,887
Loss on disposal of property, plant and equipment	-	203

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 7. INCOME TAX CREDIT

	<b>Six months ended 31 December</b>	
	<b>2014</b>	2013
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
<b>Current tax – PRC Enterprise Income Tax (“EIT”)</b>		
Provision for the period	<b>605</b>	994
<b>Deferred tax</b>		
Reversal of temporary differences ( <i>note 27</i> )	<b>(1,050)</b>	(1,050)
	<b>(445)</b>	(56)

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.

No provision has been made for Hong Kong Profits Tax as the Group did not have assessable profit subject to Hong Kong Profits Tax for both periods ended 31 December 2014 and 2013.

The provision for PRC EIT is based on the respective applicable rates on the estimated assessable income of the Company's subsidiaries in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC for the both periods.

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

The applicable income tax rate for the rest of the Group's operating subsidiaries in the PRC is 25% for the six months ended 31 December 2014 and 2013.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 8. DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 31 December 2014 (31 December 2013: Nil).

## 9. EARNINGS PER SHARE

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

### Earnings

	Six months ended	
	31 December	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings for the purpose of basic and diluted earnings per share	<b>50,295</b>	69,028

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 9. EARNINGS PER SHARE (Continued)

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

### Number of shares

	Six months ended 31 December	
	2014	2013
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>1,339,740,179</b>	1,221,588,343
Effect of deemed issue of shares under the conversion of convertible bonds (note 23)	–	123,174,603
Effect of deemed issue of shares under the Company's share option scheme for nil consideration (note 25)	<b>16,844,037</b>	22,617,692
	<hr/>	<hr/>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>1,356,584,216</b>	1,367,380,638

The calculation of diluted earnings per share for the six months ended 31 December 2013 does not take into account the potential effect of the deemed conversion of certain convertible bonds into ordinary shares during the period as it has an anti-dilutive effect on the basic earnings per share amount for the period.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2014, the Group acquired items of plant and machinery with costs of RMB88,377,000. There are no significant acquisitions and disposals during the six months ended 31 December 2014.

As at 31 December 2014, the carrying value of the Group's buildings, plant and machinery of approximately RMB90,588,000 (30 June 2014: approximately RMB94,141,000) was pledged as security for the banking facilities granted to the Group.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 11. LAND USE RIGHTS

	RMB'000
<b>COST</b>	
At 1 July 2014 and 31 December 2014	<u>27,041</u>
<b>ACCUMULATED AMORTISATION</b>	
At 1 July 2014	2,831
Provided for the period	<u>278</u>
At 31 December 2014	<u>3,109</u>
<b>CARRYING VALUES</b>	
At 31 December 2014 (unaudited)	<u>23,932</u>
At 30 June 2014 (audited)	<u>24,210</u>

All the Group's land use rights relate to lands located in the PRC under medium-term lease.

As at 31 December 2014, the carrying value of the Group's land use rights of approximately RMB15,291,000 (30 June 2014: approximately RMB15,476,000) was pledged as security for the banking facilities granted to the Group.

## 12. GOODWILL

	RMB'000
<b>COST AND CARRYING VALUE</b>	
30 June 2014 and 31 December 2014	<u>56,696</u>

On 9 November 2011, the Group acquired entire equity interests in Global One Management Limited and its subsidiaries, and goodwill of approximately RMB56,696,000 was recognised upon acquisition.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 13. INTANGIBLE ASSETS

	Customer list	Customer relationship	Total
	RMB'000	RMB'000	RMB'000
<b>COST</b>			
At 30 June 2014 and			
31 December 2014	82,390	43,660	126,050
<b>ACCUMULATED AMORTISATION AND IMPAIRMENT</b>			
As at 30 June 2014 and			
1 July 2014	14,648	35,855	50,503
Provided for the period	2,747	1,454	4,201
At 31 December 2014	17,395	37,309	54,704
<b>CARRYING VALUES</b>			
At 31 December 2014 (unaudited)	64,995	6,351	71,346
At 30 June 2014 (audited)	67,742	7,805	75,547

Customer list and customer relationship had a finite useful life and were amortised on a straight-line basis over 15 years.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 14. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments comprise:

	<b>As at 31 December 2014 RMB'000 (unaudited)</b>	<b>As at 30 June 2014 RMB'000 (audited)</b>
Debt securities, unlisted	<b>15,727</b>	16,010

The Group's held-to-maturity investments represented debt securities that were issued by financial institution in Macau, and carried fixed interest at 6% per annum (30 June 2014: 6%), payable semi-annually, and would mature on 30 October 2023. None of these assets has been past due or impaired at the end of the reporting period.

## 15. INVENTORIES

	<b>As at 31 December 2014 RMB'000 (unaudited)</b>	<b>As at 30 June 2014 RMB'000 (audited)</b>
Orange juice products	<b>25,669</b>	30,573
Other products	<b>547</b>	–
Fresh oranges	<b>1,482</b>	–
Consumables and packing materials	<b>7,858</b>	413
	<b>35,556</b>	30,986

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 15. INVENTORIES (Continued)

The amount of inventories recognised as an expense and included in profit or loss is as follows:

	Six months ended 31 December	
	2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
Carrying amount of inventories sold	136,305	186,665
Written-off of inventories	969	1,368
Cost of inventories recognised as cost of sales	137,274	188,033

Production quantities of agricultural produce are as follows:

	Six months ended 31 December	
	2014 Tonnes (unaudited)	2013 Tonnes (unaudited)
Oranges	59,027	101,872

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 16. BIOLOGICAL ASSETS

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

	<b>As at 31 December 2014 RMB'000 (unaudited)</b>	As at 30 June 2014 RMB'000 (audited)
Beginning of the period/year	<b>90,485</b>	72,657
Increase due to cultivation	<b>79,984</b>	162,546
Gain from changes in fair value less cost to sell ( <i>note a</i> )	<b>41,070</b>	51,032
Harvested oranges transferred to inventories	<b>(111,645)</b>	(195,750)
End of the period/year ( <i>note b</i> )	<b>99,894</b>	90,485

Notes:

- (a) The Directors measured the fair value of oranges at harvest based on market prices as at or close to the harvest dates.
- (b) All oranges were harvested annually and were harvested shortly before the calendar year end. The Directors consider that there was no active market for the oranges before harvest at the end of the reporting period. The present value of expected cash flows was 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 agricultural chemicals. As such, the Directors consider that the fair value of biological assets at the end of the reporting period could not be measured reliably and no reliable alternative estimates exist to determine fair value. Therefore, biological assets continue to be stated at cost as at 31 December and 30 June 2014.

The carrying value of biological assets as at 31 December and 30 June 2014 represents cultivation costs incurred including fertilisers, pesticides, labour costs and orange farm rental costs.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 17. TRADE RECEIVABLES

The Group allows a credit period of 90 days (30 June 2014: 90 days) to its trade customers from the date of billing.

The following is an aged analysis of trade receivables based on the due dates at the end of the reporting period:

	<b>As at 31 December 2014 RMB'000 (unaudited)</b>	<b>As at 30 June 2014 RMB'000 (audited)</b>
Neither past due nor impaired	<b>182,883</b>	38,205

Trade receivables that were neither past due nor impaired related to all customers that had no recent history of default payment.

The Group did not hold any collateral over the trade receivables.

## 18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>As at 31 December 2014 RMB'000 (unaudited)</b>	<b>As at 30 June 2014 RMB'000 (audited)</b>
Other receivables	<b>10,114</b>	20,080
Deposits and prepayments	<b>4,406</b>	2,276
	<b>14,520</b>	22,356

The Group did not hold any collateral over the other receivables.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 19. PLEDGED BANK DEPOSITS

	<b>As at 31 December 2014 RMB'000 (unaudited)</b>	<b>As at 30 June 2014 RMB'000 (audited)</b>
Pledged bank deposits		
Pledged to secure an interest-bearing bank loan	<b>170,000</b>	200,328
Pledged to secure an interest payable	-	1,932
	<b>170,000</b>	202,170
Less: Current portion of pledged bank deposits	(a) -	(31,108)
Non-current portion of pledged bank deposits	(b) <b>170,000</b>	171,062

Note:

- (a) As at 30 June 2014, short-term deposits of approximately RMB18,938,000 and RMB10,238,000 were pledged by the Company and one of the Group's subsidiary in Hong Kong, respectively, to secure interest-bearing loans of approximately RMB16,010,000 for the Company and approximately RMB9,500,000 for one of the Group's PRC subsidiary respectively. As both of the loans would mature in the year ending 30 June 2015, the bank deposits were classified as current assets as at 30 June 2014.

As at 30 June 2014, short-term deposit of approximately RMB1,932,000 was pledged by the Company to secure the short-term interest payable of the Company, and thus the bank deposit was classified as current asset as at 30 June 2014.

- (b) As at 31 December 2014, a three-year term deposit of RMB170,000,000 was pledged by one of the Company's subsidiaries in Hong Kong to secure an interest-bearing long-term bank loan of RMB102,300,000. As the whole sum of deposits would mature in the year ending 30 June 2017 upon the repayment of long-term bank loan, the pledged deposits were classified as non-current assets as at 31 December 2014.

The pledged bank deposits carry fixed interest rate ranging from 0.05% to 3.37% (30 June 2014: 0.05% to 3.37%) per annum.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 20. CASH AND CASH EQUIVALENTS

	<b>As at 31 December 2014 RMB'000 (unaudited)</b>	As at 30 June 2014 RMB'000 (audited)
Bank balances and cash	<b>363,844</b>	481,652

At 31 December 2014, bank balances and cash of the Group denominated in RMB amounted to approximately RMB346,473,000 (30 June 2014: RMB404,272,000). The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB to other currencies in respect of approved transactions through banks authorised to conduct foreign exchange business. The bank balances carried interest at market rates ranging from 0.001% to 0.75% (30 June 2014: 0.001% to 0.75%) per annum.

## 21. TRADE PAYABLES

The Group has financial risk management policies in place to ensure all payables are settled within the credit timeframe. The average credit period on purchase is 90 days or on demand (30 June 2014: 90 days or on demand).

The following is an aged analysis of trade payables presented based on the due date at the end of the reporting period.

	<b>As at 31 December 2014 RMB'000 (unaudited)</b>	As at 30 June 2014 RMB'000 (audited)
Due within 3 months or on demand	<b>59,385</b>	10,176

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 22. BANK LOANS

	<b>As at 31 December 2014 (unaudited)</b>	As at 30 June 2014 (audited)
Carrying amount repayable:		
Within one year	<b>153,873</b>	229,734
More than one year, but not exceeding two years	<b>217,142</b>	41,728
More than two years, but not exceeding five years	<b>162,975</b>	139,028
	<b>533,990</b>	410,490
Less: Amounts shown under current liabilities	<b>(153,873)</b>	(229,734)
Amounts shown under non-current liabilities	<b>380,117</b>	180,756
Secured	<b>453,117</b>	262,310
Unsecured	<b>80,873</b>	148,180
	<b>533,990</b>	410,490
Fixed-rate borrowings	<b>208,809</b>	187,310
Variable-rate borrowings	<b>325,181</b>	223,180
	<b>533,990</b>	410,490
Bank loans held-by:		
PRC companies	<b>235,800</b>	246,300
Non-PRC companies	<b>298,190</b>	164,190
	<b>533,990</b>	410,490

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 22. BANK LOANS (Continued)

As at 31 December 2014, included in the Group's unsecured bank loans was a three-year term loan facility in an aggregate sum of USD35,000,000 (equivalent to approximately RMB217,317,000) ("Credit Facility") for the purpose of production scale expansion. The Credit Facility was jointly guaranteed by Mr. Sin Ke and the companies incorporated or invested by the Company outside the PRC. Details of the Credit Facility are set out in the announcement issued by the Company on 14 October 2014.

At the end of the reporting period, the effective interest rates (which are also equal to contracted interest rates) on the Group's interest-bearing bank loans are as follows:

	<b>As at 31 December 2014</b>	<b>As at 30 June 2014</b>
Fixed-rate bank loan	<b>2.89% – 7.50%</b>	2.89% – 5.00%
Variable-rate bank loan	<b>2.57% – 7.80%</b>	2.55% – 7.80%

At 31 December and 30 June 2014, bank loans were secured by certain assets of the Group as set out in note 30. In addition, at 31 December and 30 June 2014, certain bank loans were guaranteed by a director, Mr. Sin Ke.

## 23. CONVERTIBLE BONDS

In May 2012, the Company issued HK\$ settled convertible bonds with 3.5% coupon per annum due 2015 in the aggregate principal amount of HK\$232,800,000 (the "2012 CB") to an independent third party. The issue of the 2012 CB was completed on 18 May 2012.

The principal terms of the 2012 CB are as follows:

### (i) Optional conversion

Each bond will, at the option of the bondholders, be convertible (unless previously redeemed, converted or purchased and cancelled) on or after 18 May 2012 up to and including 12 May 2015 into fully paid ordinary shares of the Company (the "Shares") with a par value of HK\$0.01 each at a conversion price of HK\$1.89 per share. A total of 123,174,603 Shares will be allotted and issued upon full conversion of the 2012 CB at the conversion price with HK\$ principal amount of the 2012 CB.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 23. CONVERTIBLE BONDS (Continued)

### (ii) Redemption at maturity

Unless previously redeemed, converted, or purchased and cancelled, the 2012 CB will be redeemed on 17 May 2015 at an amount equal to their HK\$ principal amount multiplied by 137.5938%.

### (iii) Redemption at the option of the bondholders

The Company will, at the option of any of the bondholders, redeem all or some of the 2012 CB at their HK\$ principal amount multiplied by 137.5938% when there is a change of control of the Company, or when the Shares cease to be listed or admitted to trade on the Stock Exchange.

As the functional currency of the Company is HK\$, the conversion of the 2012 CB will be settled by exchange of a fixed amount of cash in HK\$ with a fixed number of the Company's equity instruments. In accordance with the requirements of IAS 39 Financial Instruments – Recognition and Measurement, the 2012 CB contract needs to be separated into a liability component consisting of the straight debt element of the 2012 CB, a number of embedded financial derivatives consisting of redemption options, and an equity component representing the conversion options of the bondholders to convert the 2012 CB into equity. The proceeds received from the issue of the 2012 CB have been split as follows:

- (i) Liability component represents the fair value of the contractually determined stream of cash flows discounted at the prevailing market interest rate applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives and the conversion features. The interest charged for the period is calculated by applying an effective interest rate of 16.79% to the liability component since the 2012 CB were issued.
- (ii) Embedded derivatives comprise the fair value of the bondholders' redemption options.
- (iii) Equity component represents the conversion options, which is determined by deducting the fair value of the liability component and financial derivatives from the proceeds of issue of the compound financial instrument as a whole.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 23. CONVERTIBLE BONDS *(Continued)*

The fair value of the liability component of the 2012 CB was calculated using the Discounted Cash Flow model by Avista Valuation Advisory Limited. The major inputs used in the model as at 18 May 2012 were as follows:

	<b>Liability component of the Company</b>
Stock price	HK\$1.33
Exercise price	HK\$1.89
Risk-free rate	0.43%
Expected life	3 years
Volatility	61.34%

Any changes in the major inputs used in the model will result in changes in the fair value of the liability component. The variables and assumptions used in calculating the fair value of the liability component are based on the Directors' best estimates.

The Directors consider the possibility of the occurrence of the events of change of control and delisting is nil and the fair value of the Bondholder's redemption options was nil as at 18 May 2012, 30 June 2012, 30 June 2013 and 30 June 2014. On 12 November 2014, the Company early redeemed the 2012 CB at an aggregate amount of HK\$274,448,000 (equivalent to approximately RMB217,319,000), being 118% of all outstanding principal amount of the 2012 CB.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 23. CONVERTIBLE BONDS (Continued)

The movement of the liability and equity components of the 2012 CB for the period is set out below:

	Equity component RMB'000	Liability component RMB'000	Total RMB'000
At 30 June and 1 July 2014 (audited)	11,474	229,930	241,404
Interest charged during the period	–	6,209	6,209
Redemption of convertible bonds	(11,474)	(217,319)	(228,793)
Exchange realignment	–	(18,820)	(18,820)
	–	–	–
At 31 December 2014 (unaudited)	–	–	–

No conversion of the convertible bond has occurred during the six months ended 31 December 2014.

## 24. DEFERRED INCOME

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

	RMB'000
At 30 June and 1 July 2014 (audited)	12,980
Amortised during the period	(1,180)
At 31 December 2014 (unaudited)	11,800

The Group received discretionary grants from various PRC government authorities in recognition of the Group's contribution to the development of the local agricultural industry and investment in a concentrated fruit juice production plant in Chongqing. These government grants were not recurring in nature and were not only available to the Group. There was no assurance that the Group would receive these government grants in the future.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 25. EQUITY-SETTLED 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 and refreshed at the annual general meeting held on 5 November 2012 (the "Share Option Scheme"). Each option gives the holder the right to subscribe for one ordinary share of HK\$0.01 each of the Company.

The purpose of the Share Option Scheme is to recognise, motivate and provide incentives to those who make contribution to the Group and to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), Directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The qualified participants include (i) any full-time or part-time employee of any member of the Group; (ii) any consultant or adviser of any member of the Group; (iii) any director (including executive, non-executive or independent non-executive directors) of any member of the Group; (iv) any substantial shareholder of any member of the Group; and (v) any distributor, contractor, supplier, agent, customer, business partner or service provider of any member of the Group.

On 18 November 2008, the Company granted 39,000,000 share options with a subscription price of HK\$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 10,000,000 share options with a subscription price of HK\$0.90 per share to an employee of the Group.

On 4 January 2013, the Company granted 62,400,000 share options with a subscription price of HK\$1.15 per share to certain qualified participants.

On 21 March 2013, the Company granted 57,200,000 share options with a subscription price of HK\$1.03 per share to certain qualified participants.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 25. EQUITY-SETTLED SHARE BASED PAYMENTS (Continued)

The terms and conditions of the grants are as follows:

Date of options granted to the qualified participants of the Group	Number of options	Exercise price	Vesting condition and exercisable percentage condition		Expiry date of the share options
			Up to %		
18 November 2008 ("2008 Option")	39,000,000	HK\$0.75	1 year from grant date	31.3	17 November 2018
			2 years from grant date	31.3	
			3 years from grant date	37.4	
11 October 2009 ("2009 Option")	10,000,000	HK\$0.90	On the grant date	30.0	10 October 2019
			1 year from grant date	30.0	
			2 years from grant date	40.0	
4 January 2013 ("2013 Option 1")	62,400,000	HK\$1.15	On the grant date	100.0	3 January 2014
21 March 2013 ("2013 Option 2")	57,200,000	HK\$1.03	On the grant date	100.0	20 March 2015
Total options granted	<u>168,600,000</u>				

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 25. EQUITY-SETTLED SHARE BASED PAYMENTS (Continued)

The following table discloses movements of the Company's share options held by Directors and employees during the period:

Option type	Outstanding at 30/6/2014 and 1/7/2014	Exercised during the period	Outstanding at 31/12/2014
2008 Option	11,400,000	(11,400,000)	–
2013 Option 2	54,000,000	–	54,000,000
	65,400,000	(11,400,000)	54,000,000
Exercisable at the end of period	65,400,000		54,000,000
Weighted average exercise price	HK\$0.98	HK\$0.75	HK\$1.03

The options outstanding at 31 December 2014 had a weighted average exercise price of HK\$1.03 (30 June 2014: HK\$0.98) and a weighted average remaining contractual life of 0.106 years (30 June 2014: 1.36 years).

In respect of the share option exercised during the period, the weighted average share price at dates of exercise is HK\$1.21 (30 June 2014: HK\$1.30).

## 26. RETIREMENT BENEFITS PLANS

The Group operated a Mandatory Provident Fund Scheme (the "Scheme") for all qualifying employees in Hong Kong. The assets of the Scheme were held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the Scheme, of which the contribution was matched by employees and subject to a cap of HK\$1,250 from June 2012 to May 2014 and HK\$1,500 thereafter per employee.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute 5% to 13% of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 27. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities of the Group during the period were as follows:

	<b>Intangible assets</b>	<b>Undistributed retained profits of PRC subsidiaries</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000
At 30 June and 1 July 2014 (audited)	18,887	1,250	20,137
Credited to profit or loss	(1,050)	–	(1,050)
At 31 December 2014 (unaudited)	17,837	1,250	19,087

Pursuant to the EIT 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. At 31 December and 30 June 2014, the Directors believed that should the Group determine 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.

At 31 December 2014, deferred tax liabilities of RMB1,250,000 (30 June 2014: 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.

However, deferred tax liabilities associated with undistributed earnings of subsidiaries amounting to approximately RMB926,921,000 (30 June 2014: RMB864,552,000) have not been recognised at 31 December 2014, as the Company controls the dividend policy of the Group's PRC subsidiaries and the Directors consider it probable that a portion of the undistributed profits earned by the Group's PRC subsidiaries as at 31 December and 30 June 2014 will not be distributed in the foreseeable future.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 28. SHARE CAPITAL

	Number of shares	Amount HK\$'000	Amount RMB'000
Ordinary shares of HK\$0.01 each			
Authorised:			
At 30 June 2014 and 31 December 2014	3,000,000,000	30,000	26,376
Issued and fully paid:			
At 1 July 2014	1,336,460,727	13,365	11,520
Share issued under share option scheme ( <i>note a</i> )	11,400,000	114	90
	<hr/>		
At 31 December 2014	1,347,860,727	13,479	11,610

All of the shares issued by the Company rank pari passu in all respects with other shares in issue.

*Note:*

- (a) During the period ended 31 December 2014, share options granted under the share option scheme were exercised to subscribe for the Company's 11,400,000 (30 June 2014: 1,000,000) ordinary shares of HK\$0.01 each at a consideration of HK\$8,550,000 (equivalent to RMB6,771,000) (30 June 2014: HK\$1,030,000 (equivalent to RMB818,000)), of which HK\$114,000 (equivalent to RMB90,000) (30 June 2014: HK\$10,000 (equivalent to RMB8,000)) was credited to share capital and the balance of HK\$8,436,000 (equivalent to RMB6,992,000) (30 June 2014: HK\$1,020,000 (equivalent to RMB810,000)) was credited to the share premium account.

RMB2,446,000 (30 June 2014: RMB163,000) has been transferred from the capital reserve to the share premium. Details of the share option scheme are discussed in note 25.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 29. RESERVES

### (a) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. The share premium is distributable.

### (b) Statutory reserves

Statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the Group's PRC subsidiaries. Transfers to the reserves were approved by the directors of these companies.

The Group's PRC subsidiaries are required to transfer no less than 10% of their net profits, as determined in accordance with the PRC accounting rules and regulations, to the statutory surplus reserve until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before the distribution of a dividend to shareholders.

The statutory surplus reserve can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

The Group's PRC subsidiaries made appropriations to discretionary surplus reserve in accordance with their board of directors' resolutions.

### (c) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Company.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 30. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to banks to secure the bank loans granted to the Group:

	<b>As at 31 December 2014 RMB'000 (unaudited)</b>	<b>As at 30 June 2014 RMB'000 (audited)</b>
Property, plant and equipment	<b>90,588</b>	94,141
Land use rights	<b>15,291</b>	15,476
Pledged bank deposits	<b>170,000</b>	202,170
	<b>275,879</b>	311,787

## 31. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its offices and orange plantations under operating lease arrangements. Leases are held for one to fifteen years.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	<b>As at 31 December 2014 RMB'000 (unaudited)</b>	<b>As at 30 June 2014 RMB'000 (audited)</b>
Within one year	<b>813</b>	21,409
In the second to fifth years, inclusive	<b>144,859</b>	144,197
After fifth years	<b>143,955</b>	122,955
	<b>289,627</b>	288,561

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

## 32. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments:

	<b>As at 31 December 2014 RMB'000 (unaudited)</b>	<b>As at 30 June 2014 RMB'000 (audited)</b>
Contracted, but not provided for:		
Acquisition of property, plant and equipment	<b>44,609</b>	65,170

## 33. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in the condensed consolidated financial statements, the Group has the following significant related party transactions:

- (a) At 31 December 2014, the amount of the Company's payables to the subsidiaries of approximately RMB207,018,000 (30 June 2014: RMB12,612,000) did not have fixed repayment dates and was unsecured and non-interest bearing. The Directors considered that these payables were not expected to be settled within one year.
- (b) At 31 December 2014, the amounts of the Company's receivables from the subsidiaries of approximately RMB587,707,000 (30 June 2014: RMB441,376,000) did not have fixed repayment date and was unsecured and non-interest bearing. The Directors considered that these receivables were not expected to be settled within one year.
- (c) During the six months ended 31 December 2014, key management personnel of the Group received compensation in the form of short-term employee benefits, post-employment benefits and share-based payment awards of RMB3,098,000 (30 June 2014: RMB12,985,000).