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Tianyun International Holdings Limited
天韵國際控股有限公司

(incorporated in the British Virgin Islands with limited liability)

(Stock code: 6836)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

HIGHLIGHTS

- Revenue increased from RMB202.4 million to RMB253.7 million, representing a growth of 25.4%
- Gross profit increased from RMB53.9 million to RMB76.3 million, representing an increase of 41.6%
- Gross margin increased from 26.6% to 30.1%
- An one off listing expenses of RMB16.0 million was provided
- Adjusted net profit (excluding listing expenses) increased from RMB37.4 million to RMB51.0 million, representing an increase of 36.4%
- Profit attributable to the owners of the Company was RMB35.0 million and basic earnings per share was RMB4.67 cents
- The Board has resolved not to declare any interim dividend for the six months ended 30 June 2015

The board of directors (the "Directors" or the "Board") of Tianyun International Holdings Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2015, together with the unaudited comparative figures for the corresponding period, as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

		Unaudited Six months ended 30 June	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Revenue	*4*	**253,731**	202,373
Cost of sales		**(177,474)**	(148,480)
Gross profit		**76,257**	53,893
Other income	*4*	**58**	1,064
Selling and distribution expenses		**(5,018)**	(2,570)
General and administrative expenses		**(21,908)**	(3,590)
Operating profit	*5*	**49,389**	48,797
Finance income		**79**	39
Finance costs		**(702)**	(1,793)
Finance costs – net		**(623)**	(1,754)
Profit before income tax		**48,766**	47,043
Income tax expense	*6*	**(13,717)**	(9,658)
Profit for the period and total comprehensive income attributable to owners of the Company		**35,049**	37,385
Earnings per share for profit attributable to owners of the Company			
– Basic and diluted (RMB cents)	*8*	**4.67**	4.98

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	**Unaudited 30 June 2015 RMB'000**	Audited 31 December 2014 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	*9*	**94,274**	72,514
Leasehold land and land use rights	*9*	**60,598**	–
Prepayments	*10*	**617**	–
Total non-current assets		**155,489**	72,514
Current assets			
Inventories		**38,753**	41,071
Trade and other receivables	*10*	**73,836**	49,635
Cash and cash equivalents		**26,461**	31,595
Total current assets		**139,050**	122,301
Total assets		**294,539**	194,815
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**1**	1
Reserves		**184,523**	118,329
Total equity		**184,524**	118,330
LIABILITIES			
Current liabilities			
Trade payables	*11*	**12,991**	12,365
Accruals and other payables		**24,683**	16,282
Amounts due to directors		**–**	7,311
Amount due to the immediate holding company		**–**	20
Amount due to a related company		**–**	90
Bank borrowings		**68,000**	33,000
Current income tax liabilities		**4,341**	7,417
Total current liabilities		**110,015**	76,485
Total equity and liabilities		**294,539**	194,815
Net current assets		**29,035**	45,816
Total assets less current liabilities		**184,524**	118,330

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION

These condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

2. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements. The following are other accounting policies which are relevant to the preparation of the condensed consolidated interim financial information for the six months ended 30 June 2015.

(a) Property, plant and equipment

Buildings of the Group are stated at historical cost less accumulated depreciation and accumulated impairment losses. Depreciation on building is calculated using the straight-line method to allocate their cost to their residual values over the estimated useful lives (i.e. 20 years).

Construction in progress is stated at cost less accumulated impairment losses. Cost includes all attributable costs of bringing the asset to working condition for its intended use. This includes direct costs of construction as well as interest expense capitalised during the period of construction and installation. Capitalisation of these costs will cease and the construction in progress is transferred to appropriate categories within property, plant and equipment when the construction activities necessary to prepare the assets for their intended use are completed. No depreciation is provided in respect of construction in progress.

(b) Leasehold land and land use rights

The leasehold land and land use rights relating to buildings of the Group has finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the costs of leasehold land and land use rights over their lease term.

(c) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(d) The following amendments to standards and annual improvements are mandatory for the first time for the financial year beginning 1 January 2015:

Annual improvements projects	Annual improvements 2010-2012 cycle
Annual improvements projects	Annual improvements 2011-2013 cycle
HKAS 19 (2011) (Amendment)	Defined benefit plans: Employee contributions

The Group has adopted these standards and the adoption of these standards did not have a significant impact on the Group's results and financial position.

There are no other new standards or amendments to standards that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

(e) The following new standards, amendments to standards and annual improvement have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investments entities applying the consolidation exception	1 January 2016
HKAS 27 (Amendment)	Equity method in separate financial statements	1 January 2016
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKAS 1 (Amendment)	The disclosure initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer plants	1 January 2016
Annual improvements projects	Annual improvements 2012-2014 cycle	1 January 2016

The directors of the Company are in the process of assessing the financial impact of the adoption of the above new standards, amendments to standards and annual improvement. The directors of the Company will adopt the new standards, amendments to standards and annual improvement when become effective.

3. SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the chief operating decision-maker that are used to making strategic decisions. The chief operating decision-maker is identified as the chief executive officer of the Company.

The chief operating decision-maker assesses the performance of the Group based on a measure of profit after income tax and considers the Group in a single operating segment. Information reported to the chief operating decision-maker for the purposes of resources allocation and performance assessment focuses on the operation results of the Group as a whole as the Group's resources are integrated. Accordingly, the Group has identified one operating segment – manufacturing and trading of fresh fruits and processed fruit products, and segment information are not presented.

The Company is domiciled in the British Virgin Islands while the Group operates its business in the PRC. The Group's revenue of RMB216,616,000 and RMB187,758,000 was generated from customers in the PRC, and the Group's revenue of RMB37,115,000 and RMB14,615,000 was generated from overseas customers for the six months ended 30 June 2015 and 2014, respectively.

Segment assets and liabilities

No assets and liabilities are included in the Group's segment reporting that are submitted to and reviewed by the chief operating decision maker internally. Accordingly, no segment assets and liabilities are presented.

Information about major customers

External customers contribute over 10% of total revenue of the Group for any of the six months ended 30 June 2015 and 2014 are as follows:

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Customer A	**21,669**	26,756
Customer B	**11,811**	27,311

4. REVENUE AND OTHER INCOME

The Group is principally engaged in the manufacturing and trading of fresh fruits and processed fruits products. Turnover consists of revenue from sales of fresh fruits and processed fruits products. Revenue recognised during the periods ended 30 June 2015 and 2014 are as follows:

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Revenue		
Domestic sales	**216,616**	187,758
Direct overseas sales	**37,115**	14,615
Total sale of goods	**253,731**	202,373
Other income		
Government subsidies	**21**	1,064
Others	**37**	–
	58	1,064

5. OPERATING PROFIT

An analysis of the amounts presented as operating items in the interim financial information is given below:

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Auditors' remuneration	**704**	38
Cost of inventories sold	**165,856**	133,379
Depreciation of property, plant and equipment	**2,148**	1,721
Employee benefit expenses (including directors' emoluments)	**9,564**	12,136
Listing expenses	**15,988**	–
Operating lease payments	**608**	1,404
Loss on disposal of property, plant and equipment	**–**	5
Other taxes	**2,846**	2,309

6. INCOME TAX EXPENSE

British Virgin Islands ("BVI") income tax

The Company is incorporated in the BVI under the Business Companies Act of the BVI and, accordingly, are exempted from the BVI income tax.

Hong Kong profits tax

Entity incorporated in Hong Kong are subject to Hong Kong profits tax at a rate at 16.5% for the six months ended 30 June 2015 and 2014 on the estimated assessable profit for the periods. No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the periods.

PRC corporate income tax

PRC corporate income tax has been provided at the rate of 25% of the profits for the PRC statutory financial reporting purpose, adjusted for those items which are not assessable or deductible for the PRC corporate income tax purpose. Certain subsidiaries of the Group are entitled to preferential tax incentives in the cities where the subsidiary is located.

The income tax expense of the Group for the six months ended 30 June 2015 is analysed as follows:

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Current income tax		
PRC corporate income tax	**13,717**	9,658

7. DIVIDENDS

Dividends of RMB40,000,000 was declared by Shandong Tiantong Food Co., Ltd. ("Shandong Tiantong", the major operating subsidiary of the Group) to the then owners of Shandong Tiantong during the six months ended 30 June 2014. The rate for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

The board of directors does not recommend the payment of interim dividend for the six months ended 30 June 2015.

8. EARNINGS PER SHARE

(a) Basic

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares deemed to be in issue during the periods.

	Six months ended 30 June	
	2015	2014
Profit attributable to owners of the Company *(RMB$'000)*	**35,049**	37,385
Weighted average number of ordinary shares in issue *(thousand)*	**750,000**	750,000
Basic earnings per share *(RMB cents)*	**4.67**	4.98

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by 100 ordinary shares issued on incorporation plus 749,999,900 ordinary shares under capitalisation issue which is deemed to be issued at the beginning of the earliest period presented in the condensed consolidation interim financial information.

Pursuant to a written resolution of all the shareholders of the Company passed on 16 June 2015, conditional upon the share premium account of the Company being credited as a result of the issuance of new shares pursuant to the initial public offering of the Company's shares, the directors were authorised to capitalise an amount of HK$7,499,999 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par of 749,999,900 shares for allotment and issue to the persons whose names appear on the register of members of the Company at the close of business on 16 June 2015.

(b) Diluted

There is no dilution to earnings per share during the period as there were no potential dilutive shares existing during the periods. The diluted earnings per share equal basic earnings per share.

9. PROPERTY, PLANT AND EQUIPMENT, LEASEHOLD LAND AND LAND USE RIGHTS

Acquisitions and disposals

During the six months ended 30 June 2015, the Group has acquired certain land and buildings for a consideration of RMB80,000,000 from a related company, Linyi Yuanyu Trading Co., Ltd.

As at 30 June 2015, the net book value of certain land and buildings pledged to banks for securing the Group's general banking facilities amounted to RMB80,000,000 (31 December 2014: Nil).

The construction in progress is totaling to RMB28,729,000 at 30 June 2015 (31 December 2014: RMB25,797,000) mainly represents new plants and production lines being constructed in Shangdong Province.

There are no assets disposed by the Group during the six months ended 30 June 2015.

10. TRADE AND OTHER RECEIVABLES

	As at	
	30 June	31 December
	2015	2014
	RMB'000	*RMB'000*
Non-current		
Prepayments	**617**	–
Current		
Trade receivables	**71,565**	48,549
Prepayments	**2,024**	434
Other receivables	**247**	652
	73,836	49,635
Total	**74,453**	49,635

The Group's credit terms granted to wholesale customers generally ranged from 30 to 60 days. The ageing analysis of the trade receivables based on invoice date is as follows:

	As at	
	30 June	31 December
	2015	2014
	RMB'000	*RMB'000*
Less than 30 days	**54,498**	28,531
31 to 60 days	**15,825**	19,358
61 to 90 days	**1,033**	660
91 to 180 days	**209**	–
	71,565	48,549

11. TRADE PAYABLES

The ageing analysis of the trade payables based on invoice date is as follows:

	As at	
	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
Less than 30 days	**11,644**	11,156
31 to 90 days	**965**	732
91 to 180 days	**382**	331
181 to 365 days	**–**	144
Over 365 days	**–**	2
	12,991	12,365

12. CONTINGENCIES

The Group did not have any material contingent liabilities as at 30 June 2015 and 31 December 2014.

13. EVENTS AFTER THE REPORTING DATE

Save as disclosed elsewhere in this announcement, the following significant events took place subsequent to 30 June 2015:

In connection with the global offering completed on 7 July 2015, the Company issued a total of 250,000,000 shares at a price of HK$1.28 per share for a total subscription price (before related fees and expenses) of HK$320,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Tianyun International Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the production and sales of processed fruit products packaged in metal containers, plastic cups and glass containers and trading of fresh fruit.

The Group continues to follow stringent international production standards and is accredited with BRC (A+), IFS Food (high), HALAL, QS, KOSHER and ISO22000 in respect of our production facilities, quality control and management.

During the six months ended 30 June 2015, we received a strong demand from our OEM customers, in particular, most of our existing customers. Our revenue was contributed more evenly among all of our OEM customers and less relied on any single largest OEM customer. Sales to our five largest customers which contributed to the total revenue of the Group decreased from 47.8% for the six months ended 30 June 2014 to 31.2% for the same period in 2015. The percentage of sales to our largest customer to total sales reduced from 13.2% for the six months ended 30 June 2014 to 8.5% for the same period in 2015.

Attributed to the new distributorship system which we have adopted in January 2015, the number of distributors has increased from 17 as at 31 December 2014 to 39 as at 30 June 2015. The new distributorship system contributed to the substantial growth in the revenue of our own brand products. The revenue of our own brand products during the six months ended 30 June 2015 which amounted to approximately RMB49.8 million, has almost reached that in the whole year of 2014. Our own brand products are mainly sold through our distributors in 16 provinces and municipals in the PRC.

Since April 2015, we have launched our on-line shop through Tmall, one of the most popular online shops in the PRC. During the six months ended 30 June 2015, we were in the trial operation phase. The statistics of the online shop showed that we have consistently achieved a score of 4.9 out of a full score of 5 with regard to the representation of our products, customer’s service satisfaction and our delivery time. All of our scores have been over 50% higher than the other online shops in the same industry on Tmall.

PROSPECTS

Further to the success of the launch of fruit sorbet in April 2015, we will continue to pursue product innovation and launch new products in the second half of 2015.

Going forward, we will escalate our efforts to expand domestic market share of our own brand products and boost our distribution business in the PRC including enhancing our own brands through our domestic distribution system, expanding our distribution and sales networks, increasing the number of distributors, and expanding into regions with huge potential growth. We have recently signed a distribution agreement with a Hong Kong distributor and our products under Tiantong brand are sold in most of the popular chain of supermarkets in Hong Kong since July 2015. We considered this is one of the key steps for our own brand products to enter into the overseas market.

We will also develop further our online shopping platform on Tmall and sell our processed fruit products under the series of "果小懶" brand with the aim to increase our market share and strive to maintain our first mover advantage in the market.

We will expand our production capacity by 20,000 tonnes in 2016 as planned to satisfy the market demand for processed fruit products. The construction of No. 3 and No.4 workshops has been completed in accordance with our timetable and the internal decoration has started. We expect the whole construction and machinery testing to be completed by the end of 2015. We will introduce more advanced production and quality control equipment to enhance our production efficiency.

We will use our best endeavour to maintain our products at the highest standard and capture the rapid growth in the consumer market in the PRC with our own brand products.

REVENUE, GROSS PROFIT AND GROSS MARGIN BREAKDOWN BY BUSINESS

During the six months ended 30 June 2015, our revenue increased from approximately RMB202.4 million to approximately RMB253.7 million, representing an increase of RMB51.3 million and a growth of 25.4% over the same period in 2014. The Company continued to sell its processed fruit products on an OEM basis and under its own brand, and also fresh fruits. Gross profit increased from approximately RMB53.9 million to approximately RMB76.3 million, representing an increase of RMB22.4 million or a growth of 41.6% over the same period in 2014. Our overall gross margin was 30.1% (for the six months ended 30 June 2014: 26.6%) and was aligned with the full year gross margin in the past.

Processed fruit products sold on an OEM basis ("OEM Sales") contributed the most to the total revenue of the Group which represented 62.4% (for the six months ended 30 June 2014: 69.4%) of the total revenue during the six months ended 30 June 2015. Our processed fruit products are sold to international well-known brand owners either by our Group directly or through third party trading entities. The revenue contributed by the OEM Sales increased from approximately RMB140.5 million for the six months ended 30 June 2014 to approximately RMB158.4 million for the same period in 2015, representing a growth of 12.7%. The increase was mainly attributable to increased sales orders by three brand owners which amounted to approximately RMB13.7 million during the period under review as compared to the same period in 2014.

During the period under review, the sales of processed fruit products under our own brand ("Own Brand Sales") accounted for 19.6% (for the six months ended 30 June 2014: 8.5%) of the total revenue and grew by 189.5% from approximately RMB17.2 million for the six months ended 30 June 2014 to approximately RMB49.8 million for the same period in 2015. The substantial increase was contributed by the continuous increase in the number of distributors under the new distributorship system since January 2015.

We also sold fresh fruit products and the revenue contributed by fresh fruit sales and others increased to approximately RMB45.5 million, representing 18.0% of the total revenue for the six months ended 30 June 2015 (for the six months ended 30 June 2014: 22.1%).

The table below sets out a breakdown of our revenue, gross profit and gross profit margin by major types of customers for the periods indicated:

	For the six months ended 30 June		Changes	
	2015	2014		
	RMB million	*RMB million*	*RMB million*	*%*
Revenue				
OEM Sales	**158.4**	**140.5**	**17.9**	**12.7**
Own Brand Sales	**49.8**	**17.2**	**32.6**	**189.5**
Fresh fruits and others	**45.5**	**44.7**	**0.8**	**1.8**
Total	**253.7**	**202.4**	**51.3**	**25.4**
Gross Profit				
OEM Sales	**50.5**	**38.8**	**11.7**	**30.2**
Own Brand Sales	**14.8**	**4.7**	**10.1**	**214.9**
Fresh fruits and others	**11.0**	**10.4**	**0.6**	**5.8**
Total	**76.3**	**53.9**	**22.4**	**41.6**

Gross margin of OEM Sales and Own Brand Sales for the six months ended 30 June 2014 increased from 27.6% and 27.3% respectively to 31.9% and 29.7% respectively for the same period in 2015. The gross margins are broadly aligned with the full year gross margins in the past.

	For the six months ended 30 June	
	2015	2014
Gross Margin		
OEM Sales	**31.9%**	27.6%
Own Brand Sales	**29.7%**	27.3%
Fresh fruits and others	**24.2%**	23.3%

Operating expenses

Operating expenses include mainly selling and distribution costs, and general and administrative costs. Selling and distribution costs include mainly the transportation costs which represented approximately 1.0% of the total revenue of the Group for the six months ended 30 June 2015 (for the six months ended 30 June 2014: 0.9%) and amounted to approximately RMB2.4 million (for the six months ended 30 June 2014: approximately RMB1.8 million). The increase is consistent to the growth of revenue during the period under review.

General and administrative expenses (excluding one off listing expenses of RMB16.0 million) increased from approximately RMB3.6 million to RMB5.9 million, representing an increase of approximately RMB2.3 million and 63.9% over the same period in 2014. The overall increase in general and administrative expenses was mainly attributed to the increase in headcount in management and administrative functions for business expansion.

Net profit and net profit margin

Profit for the period under review decreased by approximately RMB2.4 million or 6.4% to approximately RMB35.0 million as compared to approximately RMB37.4 million for the six months ended 30 June 2014.

If the one-off listing expenses is excluded, the adjusted net profit increased from approximately RMB37.4 million for the six months ended 30 June 2014 to approximately RMB51.0 million for the same period in 2015, representing a growth of 36.4% or an increase of RMB13.6 million.

The net profit and adjusted net profit margin for the period under review is 13.8% and 20.1% respectively (for six month ended 30 Jun 2014: 18.5% and 18.5% respectively).

	For the six months ended 30 June		**Changes**	
	2015	2014		
	RMB million	*RMB million*	*RMB million*	*%*
Net profit for the period	**35.0**	**37.4**	**(2.4)**	**(6.4)**
Adjustments:				
Provision for listing expenses	**16.0**	**–**	**16.0**	**N/A**
Adjusted net profit for the period	**51.0**	**37.4**	**13.6**	**36.4**
Net profit margin	**13.8%**	**18.5%**	**N/A**	**N/A**
Adjusted net profit margin	**20.1%**	**18.5%**	**N/A**	**N/A**

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company's shares were listed and commenced trading on the Main Board of The Stock Exchange of Hong Kong Limited on 7 July 2015 (the "Listing Date"). The net proceeds raised by the Company from the listing amounted to approximately HK$278.6 million after deducting the underwriting commissions and all related expenses. The Company intends to use such proceeds in the manner consistent with that disclosed in the section headed "Future Plans and Use of Proceeds" of the Company's prospectus dated 24 June 2015. The Group has not yet utilized the net proceeds as at the date of this announcement. The unutilized net proceeds have been placed in the deposits with the banks in Hong Kong and the PRC.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The Group principally meets the requirements on its working capital and other liquidity requirements through a combination of operating cash flows, capital contributions and bank borrowings.

Summary of major indicators in respect to the strength on the liquidity of the Group

	(Unaudited) As at 30 June 2015	(Audited) As at 31 December 2014
Gearing ratio (%)	**36.9**	34.2
Current ratio	**1.26**	1.60
Cash and cash equivalent (RMB million)	**26.5**	31.6
Net current assets (RMB million)	**29.0**	45.8
Quick ratio	**0.91**	1.06

The gearing ratio of the Group as at 30 June 2015 was 36.9% (31 December 2014: 34.2%). Gearing ratio was calculated based on total debts divided by total equity. Total debts was calculated by aggregating the bank borrowings and the non-trade nature of amounts due to directors, the immediate holding company and a related company.

The current ratio (calculated based on total current assets divided by total current liabilities) of the Group as at 30 June 2015 was 1.26 (31 December 2014: 1.60).

As at 30 June 2015, our cash and cash equivalents amounted to approximately RMB26.5 million (31 December 2014: RMB31.6 million). Our net current assets stated at approximately RMB29.0 million as at 30 June 2015, as compared to approximately RMB45.8 million as at 31 December 2014.

The quick ratio (calculated based on total currents assets minus inventory divided by total current liabilities) of the Group as at 30 June 2015 was 0.91 (31 December 2014: 1.06).

With stable cash inflows generated in the daily business operation, plus the net proceeds raised from listing, the Group has sufficient resources for future expansion.

The Group manages its capital structure to maintain a balance between the equity and debts which makes adjustment to the capital structure in light of the changes in economic conditions affecting the Group.

The Group has not experienced any material difficulties or adverse effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the six months ended 30 June 2015.

Capital structure

The Group's total equity amounted to RMB184.5 million as at 30 June 2015 (31 December 2014: RMB118.3 million).

Bank borrowings and finance costs, net

As at 30 June 2015, the total amount of interest-bearing bank borrowings of the Group was approximately RMB68.0 million (31 December 2014: RMB33.0 million). These bank borrowings are denominated in RMB and are all repayable within one year. The increase in bank borrowings of RMB35.0 million is mainly used for funding the acquisition of certain land and buildings and production facilities for a consideration RMB80.0 million during the period under review. Finance costs of the Group net of capitalisation has been decreased from RMB1.8 million for the six months ended 30 June 2014 to RMB0.6 million for the six months ended 30 June 2015, representing a decrease of approximately RMB1.1 million or approximately 64.5%. Such drop was mainly attributable to the capitalisation of borrowing costs amounting to RMB1.0 million on qualifying assets during the six months ended 30 June 2015 (for the six months ended 30 June 2014: nil).

Pledged assets

The Group pledged its land and buildings as collateral for a bank loan. As at 30 June 2015, the net book value of pledged land and buildings amounted to approximately RMB80.0 million.

Capital expenditure

During the period under review, we have completed the purchase of a parcel of land in Linyi City, Shandong Province, the PRC together with our existing production facilities located thereon comprising the production plants, ancillary facilities, offices, dormitories and canteens with a total gross floor area of approximately 40,181.7 square metres at a consideration of RMB80.0 million which was fully settled during the period under review.

Interest rate risk

The Group has not used any derivatives to hedge against interest rate risk. The interest rate risk of the Group arises from the bank balances at floating interest rates and the bank borrowings. Bank borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by the bank balances held at variable rates. The borrowings of the Group at fixed rates expose the Group to fair value interest rate risk. During the period under review, the bank borrowings of the Group at variable rates and fixed rates were all denominated in RMB. The cash deposits placed with banks generate interest at the prevailing market interest rates.

Foreign currency exposure

The Group mainly operates in the PRC and most of the transactions are conducted in RMB. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollars and Hong Kong dollars. Foreign exchange risk mainly arises from sales transactions in foreign currency with overseas customers which are mostly in United States dollars. The monetary assets of the Group are mainly held by the holding company and a subsidiary incorporated outside the PRC and were denominated in Hong Kong dollars and US dollars.

Human resources

As at 30 June 2015, the employee headcount of the Group was 489 (30 June 2014: 712). The drop of headcount was mainly from production function that was attributed to our continuous upgrade of production facilities and automation of production process. The total staff costs, including Directors' emoluments, amounted to approximately RMB9.6 million for the period under review (six months ended 30 June 2014: approximately RMB12.1 million). Since 1 March 2015, we have fully complied with the social insurance and housing provident fund requirement in the PRC.

The emoluments payable to the Directors are subject to their respective terms of engagement approved by the Remuneration Committee and the Nomination Committee, having regard to the operating results of the Group, the performance of individual Directors and comparable market statistics. The Group implements remuneration policy, bonus and share option scheme with reference to the performance of the Group and individual employees. The Group also provides benefits, such as insurance, medical and retirement funds, to employees so as to sustain the competitiveness of the Group.

Committments and contingent liabilities

As at 30 June 2015, there were no other material capital committments that the Group is aware of. In addition, the Group did not have any material outstanding contingent liabilities.

Events after the balance sheet date

In connection with the global offering completed on 7 July 2015, the Company issued a total of 250,000,000 shares at a price of HK$1.28 per share for a total subscription price (before related fees and expenses) of HK$320,000,000.

MATERIAL ACQUISITIONS AND DISPOSALS

During the period under review, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 24 June 2015, the Company does not have any other plans for material investments or capital assets.

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

As the shares of the Company were not listed on the Stock Exchange during the six months ended 30 June 2015, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

No such purchase, sale or redemption was made during the period between the Listing Date and the date of this announcement.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the ”Share Option Scheme”) with effect from the Listing Date. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The main purpose of the Share Option Scheme is to motivate employees to optimize their performance efficiency for the benefit of the Company. As the Share Option Scheme was not adopted during the six months ended 30 June 2015, no options had been granted under the Share Option Scheme during the period under review.

During the period between the Listing Date and the date of this announcement, no option has been granted, exercised, cancelled or lapsed. As at the date of this announcement, the total number of shares available for issue under the Share Option Scheme was 100,000,000, representing 10% of the entire issued share capital of the Company.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2015.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of its Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules as its own code of corporate governance since the Listing Date.

Under code provision A.2.1 of the CG Code as set out in Appendix 14 of the Listing Rules, the responsibilities between the chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Yang is our chief executive officer, and he also performs as the chairman of our Board as he has considerable experience in the fruit processing industry. The Board believes that vesting the roles of both the chairman of our Board and the chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group. Save for the aforesaid, the Board is of the view that the Company has complied with the code provisions as set out in the CG Code from the Listing Date to the date of this announcement.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code. In response to a specific enquiry by the Company, all Directors confirmed that they complied with the requirements of the Model Code since the Listing Date and up to the date of this announcement.

REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2015 have been reviewed by the Audit Committee and the Group's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement will be published on the websites of the Stock Exchange and the Company (http://www.tianyuninternational.com). The interim report for the six months ended 30 June 2015 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

On behalf of the Board, I would like to express my heartfelt gratitude to our management team, staff and shareholders for their dedication and contribution to the Group.

By Order of the Board
Tianyun International Holdings Limited
Yang Ziyuan
Chairman and Executive Officer

Hong Kong, 28 August 2015

As at the date of this announcement, the Board of the Company comprises (i) Mr. Yang Ziyuan and Mr. Sun Xingyu as the executive Directors; (ii) Ms. Chu Yinghong and Mr. Wong Yim Pan as the non-executive Directors; and (iii) Mr. Liang Zhongkang, Mr. Tsang Yuen Wai and Ms. Hui Yung Yung Janet as the independent non-executive Directors.