Tenfu (Cayman) Holdings Company Limited
天福（開曼）控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6868)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

Financial Highlights

- Revenue for the six months ended 30 June 2013 was RMB832.1 million, decreased by 8.1% as compared with RMB905.2 million for the corresponding period in 2012;
- Gross profit margin for the six months ended 30 June 2013 decreased from 65.5% for the six months ended 30 June 2012 to 61.3%;
- Profit for the six months ended 30 June 2013 decreased to RMB128.2 million from RMB160.1 million for the corresponding period in 2012;
- Basic earnings per share for the six months ended 30 June 2013 was RMB0.10; and
- The Board resolved to pay an interim dividend of HKD0.07 per share (equivalent to RMB0.056 per share).

The board of directors (the "**Board**") of Tenfu (Cayman) Holdings Company Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2013, together with the comparative figures for the corresponding period in the year 2012 as below.

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June 2013 Unaudited *RMB'000*	2012 Unaudited *RMB'000*
Revenue	*5*	**832,135**	905,189
Cost of sales		**(321,924)**	(312,728)
Gross profit		**510,211**	592,461
Distribution costs		**(245,245)**	(271,139)
Administrative expenses		**(95,514)**	(110,559)
Other income	*6*	**4,370**	10,269
Other gains/(losses) – net	*7*	**730**	(3,757)
Operating profit		**174,552**	217,275
Finance income		**5,373**	5,604
Finance costs		**(3,375)**	(5,081)
Finance income – net		**1,998**	523
Share of profit of a joint venture		**707**	337
Profit before income tax		**177,257**	218,135
Income tax expense	*8*	**(49,107)**	(57,988)
Profit for the period, all attributable to the owners of the Company		**128,150**	160,147
Other comprehensive income for the period		**–**	–
Total comprehensive income for the period, all attributable to the owners of the Company		**128,150**	160,147
Earnings per share for profit attributable to the owners of the Company			
– Basic earnings per share	*9*	**RMB 0.10**	RMB 0.13
– Diluted earnings per share	*9*	**RMB 0.10**	RMB 0.13

	Note	Six months ended 30 June 2013 Unaudited *RMB'000*	2012 Unaudited *RMB'000*
Dividends	*10*	**68,320**	79,464

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2013 Unaudited *RMB'000*	As at 31 December 2012 Audited *RMB'000*
ASSETS			
Non-current assets			
Leasehold land and land use rights		**125,094**	90,065
Investment properties		**4,600**	4,743
Property, plant and equipment		**530,119**	494,243
Intangible assets		**1,802**	1,780
Investment in a joint venture		**3,714**	4,341
Deferred income tax assets		**33,198**	37,756
Prepayments – non-current portion	*11(b)*	**81,629**	95,897
		780,156	728,825
Current assets			
Inventories		**372,407**	431,437
Trade and other receivables	*11(a)*	**275,775**	212,244
Prepayments	*11(b)*	**107,206**	86,123
Restricted cash		**133,475**	27,500
Time deposits		**259,900**	89,400
Cash and cash equivalents		**306,977**	558,841
		1,455,740	1,405,545
Total assets		**2,235,896**	2,134,370
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	*12*	**100,816**	100,816
Share premium	*12*	**541,024**	678,625
Other reserves	*13*	**407,010**	406,784
Retained earnings		**770,503**	642,353
Total equity		**1,819,353**	1,828,578
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**14,861**	11,963
Current liabilities			
Trade and other payables	*15*	**156,258**	161,965
Dividends payable		**1,589**	1,642
Current income tax liabilities		**18,741**	22,445
Borrowings	*16*	**214,736**	104,283
Other liabilities	*17*	**10,358**	3,494
		401,682	293,829
Total liabilities		**416,543**	305,792
Total equity and liabilities		**2,235,896**	2,134,370
Net current assets		**1,054,058**	1,111,716
Total assets less current liabilities		**1,834,214**	1,840,541

NOTE TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Group is engaged in the classification, packaging of tea leaves, manufacture of tea snacks, and sale of tea leaves, tea snacks and tea ware. The Group has manufacturing plants in Fujian Province and Sichuan Province, the People's Republic of China (the "PRC") and sells mainly to customers located in the PRC.

The Company was incorporated in the Cayman Islands on 22 April 2010 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company's ordinary shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 26 September 2011 (the "Listing").

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board on 26 August 2013.

This condensed consolidated interim financial information has not been audited.

Key events

Pursuant to the share option scheme adopted on 17 December 2010, the Company granted options to subscribe for an aggregate of 8,353,000 shares on 19 March 2013 to certain directors, employees and independent third party distributors of the Group. These options vest in tranches over a period of up to 3 years.

In March and June 2013, the Group renegotiated its existing loan facility to provide funding for the working capital and other general corporate purpose.

On 18 June 2013, Fujian Tian Fu Sales Co., Ltd. ("Fujian Tenfu") signed a tripartite asset management contract with Qilu Securities Co., Ltd. and Hua Xia Bank Co., Ltd..

On 17 July 2013, the Group proposed the acquisition of Zhejiang Tianfu Tea Industry Co., Ltd., Xiamen Tianyu Commerce and Trading Co., Limited and Xiamen Tianqia Catering Management Co., Limited.

Pursuant to the resolution of Fujian Tenfu's board of directors meeting, dated 10 June 2013, Fujian Tenfu is committed to establish a wholly-owned subsidiary, Chongqing Yubeiqu Tenfu Tea Co., Ltd. in Chongqing.

Pursuant to the shareholder resolution of Beijing Tenfu Tea Co., Ltd. ("Beijing Tenfu"), dated 21 June 2013, Beijing Tenfu increased its registered capital from United States Dollar ("USD") 2,500,000 (equivalent to RMB15,447,000) to USD5,000,000 (equivalent to RMB30,894,000).

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2013 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. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants.

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those annual financial statements.

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

The adoption of the new standards or amendments to standards that are effective for the first time for this interim period do not have any material impact on the Group. The jointly controlled entity of the Group continues to be equity accounted for and is now called joint venture.

The following new/revised standards, interpretation and amendments to standards have been issued and are relevant to the Group's operations but they are not yet effective for the financial year beginning on 1 January 2013 and have not been early adopted by the Group:

		Effective for accounting period beginning on or after
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting financial assets and financial liabilities	1 January 2014
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (revised 2011)	Investment entities	1 January 2014
HK (IFRIC) Interpretation 21	Levies	1 January 2014
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets	1 January 2014
HKFRS 9	Financial instruments	1 January 2015
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory effective date and transition disclosures	1 January 2015

The Group will apply the new/revised standards, interpretation and amendments to standards described above when they become effective. The Group is in the process of making an assessment on the impact of these new/revised standards, interpretation and amendments to standards and does not anticipate that the adoption when they become effective will result in any material impact on the Group's results of operations and financial position.

4 ESTIMATES

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

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2012.

5 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Board. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. The Board has determined the operating segments based on these reports.

The Board considers the business from a product perspective. The Board assesses the performance of the operating segments based on a measure of segment profit or loss.

The reportable operating segments derive their revenue primarily from the classification, packaging of tea leaves, manufacture of tea snacks, and sale of tea leaves, tea snacks and tea ware.

Other services include revenue from restaurant, hotel and management services. These are not included within the reportable operating segments, as they are not presented separately in the reports provided to the Board.

No geographical segment information is presented as almost all the sales and operating profits of the Group are derived within the PRC and almost all the operating assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns.

The Board assesses the performance of the operating segments based on a measure of adjusted operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the condensed consolidated interim financial information. The common administrative expenses, other gains or losses, other income, financing (including finance costs and interest income), share of results of a joint venture and income taxes are managed on a group basis and are not allocated to operating segments.

Segment assets consist primarily of leasehold land and land use rights, property, plant and equipment, intangible assets, inventories, trade and other receivables, prepayments, as well as time deposits, cash and cash equivalents and restricted cash held by subsidiaries in mainland China. They exclude investment properties, deferred income tax assets and prepaid tax, as well as time deposits, cash and cash equivalents and restricted cash held by the Company and overseas subsidiaries.

Segment liabilities comprise operating liabilities. They exclude borrowings, deferred income tax liabilities, tax liabilities, dividends payable and other payables due to related parties and directors' and senior management's emoluments payable.

Revenue

Turnover of the Group consists of the following revenues for the six months ended 30 June 2013 and 2012.

	Six months ended 30 June	
	2013	2012
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Tea leaves	**602,561**	673,389
Tea ware	**114,637**	115,363
Tea snacks	**98,066**	99,908
Others	**16,871**	16,529
	832,135	905,189

The segment results for the six months ended 30 June 2013:

	Unaudited				
	Tea leaves *RMB'000*	**Tea snacks** *RMB'000*	**Tea ware** *RMB'000*	**All other segments** *RMB'000*	**Total** *RMB'000*
Segment revenue	**602,561**	**98,066**	**114,637**	**16,871**	**832,135**
Segment results	**154,683**	**6,622**	**13,832**	**4,760**	**179,897**
Common administrative expenses					**(10,445)**
Other income					**4,370**
Other gains – net					**730**
Finance income – net					**1,998**
Share of results of a joint venture					**707**
Profit before income tax					**177,257**
Income tax expense					**(49,107)**
Profit for the period					**128,150**

Other segment items included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2013:

	Unaudited					
	Tea leaves *RMB'000*	**Tea snacks** *RMB'000*	**Tea ware** *RMB'000*	**All other segments** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
Depreciation of property, plant and equipment	**17,694**	**3,954**	**1,996**	**975**	**6,030**	**30,649**
Depreciation of investment properties	**–**	**–**	**–**	**–**	**143**	**143**
Amortisation of leasehold land and land use rights	**1,068**	**258**	**309**	**42**	**–**	**1,677**
Losses on disposal of property, plant and equipment, net	**21**	**8**	**7**	**–**	**–**	**36**

The segment assets and liabilities as at 30 June 2013 are as follows:

	Unaudited					
	Tea leaves *RMB'000*	**Tea snacks** *RMB'000*	**Tea ware** *RMB'000*	**All other segments** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
Segment assets	**1,224,024**	**229,946**	**259,867**	**35,146**	**486,913**	**2,235,896**
Segment liabilities	**105,343**	**9,539**	**21,378**	**528**	**279,755**	**416,543**

The segment results for the six months ended 30 June 2012:

	Unaudited				
	Tea leaves	Tea snacks	Tea ware	All other segments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	673,389	99,908	115,363	16,529	905,189
Segment results	200,725	5,775	12,337	2,394	221,231
Common administrative expenses					(10,468)
Other income					10,269
Other losses – net					(3,757)
Finance income – net					523
Share of results of a joint venture					337
Profit before income tax					218,135
Income tax expense					(57,988)
Profit for the period					160,147

Other segment items included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2012:

	Unaudited					
	Tea leaves	Tea snacks	Tea ware	All other segments	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Depreciation of property, plant and equipment	14,590	3,822	2,035	810	6,003	27,260
Depreciation of investment properties	–	–	–	–	143	143
Amortisation of leasehold land and land use rights	173	46	46	25	–	290
Losses/(gains) on disposal of property, plant and equipment, net	553	77	98	(7)	–	721

The segment assets and liabilities as at 30 June 2012 are as follows:

	Unaudited					
	Tea leaves	Tea snacks	Tea ware	All other segments	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	1,057,291	192,427	207,807	29,459	635,503	2,122,487
Segment liabilities	138,258	16,790	24,291	1,028	168,156	348,523

6 OTHER INCOME

	Six months ended 30 June	
	2013	2012
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Government grants	**2,577**	8,578
Investment property rental income	**1,353**	1,347
Others	**440**	344
	4,370	10,269

7 OTHER GAINS/(LOSSES) – NET

	Six months ended 30 June	
	2013	2012
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Losses on disposal of property, plant and equipment, net	**(36)**	(721)
Net foreign exchange gains/(losses)	**766**	(3,036)
	730	(3,757)

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2013	2012
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Current income tax		
– Hong Kong profits tax	**10**	176
– PRC corporate income tax	**41,642**	56,685
Deferred income tax	**7,455**	1,127
Income tax expense	**49,107**	57,988

(i) Cayman Islands profits tax

The Company is not subject to any taxation in the Cayman Islands.

(ii) Hong Kong profits tax

For the six months ended 30 June 2013 and 2012, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the period.

(iii) PRC corporate income tax ("CIT")

CIT is provided on the assessable income of entities within the Group incorporated in the PRC.

9 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2013	2012
	Unaudited	Unaudited
Profit attributable to the owners of the Company (RMB'000)	**128,150**	160,147
Weighted average number of ordinary shares in issue	**1,227,207,460**	1,227,207,460
Basic earnings per share (RMB)	**0.10**	0.13

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's potentially dilutive ordinary shares comprise share options.

Performance-related employee share options are treated as contingently issuable shares. Contingently issuable shares are considered outstanding and where applicable, included in the calculation of diluted earnings per share as if the conditions of the contingency are deemed to have been met, based on the information available, at the end of reporting period.

As at 30 June 2013, none of the performance conditions of the share options were met, and thus the potentially dilutive ordinary shares are not included in the calculation of diluted earnings per share. As a result, diluted earnings per share is the same as basic earnings per share.

10 DIVIDENDS

	Six months ended 30 June	
	2013	2012
	Unaudited	Unaudited
	RMB'000	*RMB'000*
Interim dividend declared	**68,320**	79,464

An interim dividend for 2013 of Hong Kong Dollar ("HKD")7 cents (equivalent to RMB5.6 cents) per share was declared by the Board on 26 August 2013 using the share premium account. This interim dividend, amounting to HKD85,905,000 (equivalent to RMB68,320,000), has not been recognized as liability in this condensed consolidated interim financial information. It will be reflected as an appropriation of share premium for the year ending 31 December 2013.

An interim dividend for 2012 of HKD8 cents (equivalent to RMB6.5 cents) per share was declared by the Board on 27 August 2012 using the share premium account. This interim dividend, amounting to HKD98,177,000 (equivalent to RMB79,464,000), has been reflected as an appropriation of share premium for the year ended 31 December 2012.

The dividends paid in the six months ended 30 June 2013 and 2012 were RMB137,654,000 and RMB278,056,000 respectively.

11 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

(a) Trade and other receivables

	As at 30 June 2013 Unaudited ***RMB'000***	As at 31 December 2012 Audited *RMB'000*
Trade receivables due from third parties	**225,045**	191,948
Interest receivable	**1,991**	–
Entrusted loan (i)	**30,000**	–
Others	**18,739**	20,296
	50,730	20,296
	275,775	212,244

(i) Pursuant to a tripartite asset management contract entered into among Fujian Tenfu (the "Depositor"), Qilu Securities Co., Ltd. (the "Custodian") and Hua Xia Bank Co., Ltd. (the "Trustee") dated 18 June 2013, the Depositor can set aside a principal with minimum amount of RMB1,000,000 (the "Principal") in the bank account under the name of the Custodian in the Trustee (the "Bank Account") to purchase various highly liquid short-term investment products. The contract period is five years, during which the Depositor needs to pay custodian fee and trustee fee to the Custodian and the Trustee at 0.10% and 0.15% of the Principal, respectively.

On 24 June 2013, the Depositor set aside RMB30,000,000 in the Bank Account, which was lent as entrusted loan to Zhangzhou Technology College, a third party on 24 June 2013. The entrusted loan bears interest at a rate of 4.45% per annum for the period from 25 June 2013 to 25 June 2014.

Most of the Group's sales are settled in cash or in bills by its customers. Credit sales are made to selected customers with good credit history with a credit term of 140 days.

The ageing analysis of the trade receivables is as follows:

	As at 30 June 2013 Unaudited ***RMB'000***	As at 31 December 2012 Audited *RMB'000*
Up to 140 days	**165,597**	177,684
141 days to 6 months	**49,818**	9,437
6 months to 1 year	**9,619**	4,619
1 year to 2 years	**11**	208
	225,045	191,948

(b) Prepayments

	As at 30 June 2013 Unaudited *RMB'000*	As at 31 December 2012 Audited *RMB'000*
Non-current		
Prepayments for property, plant and equipment	**81,629**	95,897
Current		
Prepayments for lease of property and lease deposits	**58,587**	60,852
Prepayment to a related party	**11,716**	–
Prepayments to third parties	**11,107**	18,543
Prepaid income tax	**22,537**	–
Value added tax recoverable	**3,259**	6,728
	107,206	86,123
	188,835	182,020

12 SHARE CAPITAL

	Unaudited				
	Number of authorized shares *(thousands)*	**Number of issued shares**	**Ordinary shares** *RMB*	**Share premium** *RMB*	**Total** *RMB*
At 1 January 2013	8,000,000	1,227,207,460	100,815,647	678,625,268	779,440,915
Dividends (i)	–	–	–	(137,600,828)	(137,600,828)
At 30 June 2013	8,000,000	1,227,207,460	100,815,647	541,024,440	641,840,087
Representing:					
– Interim dividend declared (i)				68,320,000	
– Others				472,704,440	
At 30 June 2013				541,024,440	
At 1 January 2012	8,000,000	1,227,207,460	100,815,647	1,036,145,418	1,136,961,065
Dividends (i)	–	–	–	(278,056,000)	(278,056,000)
At 30 June 2012	8,000,000	1,227,207,460	100,815,647	758,089,418	858,905,065
Representing:					
– Interim dividend declared (i)				79,464,000	
– Others				678,625,418	
				758,089,418	

(i) Pursuant to Section 34 of the Cayman Companies Law (2003 Revision) and the Articles of Association of the Company, share premium of the Company is available for distribution to shareholders subject to a solvency test on the Company and the provision of the Articles of Association of the Company. Details of the interim dividend declared are set out in Note 10.

13 OTHER RESERVES

	Unaudited				
	Merger reserve *RMB'000*	Capital reserve *RMB'000*	Statutory reserves *RMB'000*	Share-based payment reserve *RMB'000*	Total *RMB'000*
At 1 January 2013	278,811	231	126,723	1,019	406,784
Share option scheme – value of services from directors, employees and independent third party distributors *(Note 14)*	–	–	–	226	226
At 30 June 2013	278,811	231	126,723	1,245	407,010
At 1 January 2012	278,811	231	96,855	–	375,897
Share option scheme – value of services from directors, employees and independent third party distributors *(Note 14)*	–	–	–	1,391	1,391
At 30 June 2012	278,811	231	96,855	1,391	377,288

14 SHARE-BASED PAYMENTS

On 17 December 2010, the Company adopted a share option scheme whereby the Board can grant options for the subscription of the Company's shares to the directors, employees, managerial staff and senior employees and those other persons that the Board considers that they will contribute or have contributed to the Group.

Share Option Scheme

Pursuant to the share option scheme of the Company in relation to the grant of options under the Share Option Scheme, the Company granted options to subscribe for an aggregate of 7,046,000 shares, 1,307,000 shares and 8,353,000 shares on 6 January 2012, 12 January 2012 and 19 March 2013 respectively to certain directors, employees and independent third party distributors. The options have a contractual option term of 10 years. The Group has no legal or constructive obligation to repurchase or settle the options in cash. These options vest in tranches over a period of up to 3 years.

The options are exercisable during the following periods, subject to the Group achieving its target growth in revenue and net profit and the employees and independent third party distributors meeting their performance targets as well. The employees should remain in the Group's employ and the independent third party distributors should keep their businesses with the Group until that performance condition is satisfied.

(i) up to 35% on or after 5 January 2013, 11 January 2013, 18 March 2014 respectively;

(ii) up to 35% on or after 5 January 2014, 11 January 2014 and 18 March 2015 respectively;

(iii) all the remaining options on or after 5 January 2015, 11 January 2015 and 18 March 2016 respectively.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price in HKD per share	Number of options (thousands)
As at 1 January 2013	5.44	8,338
Granted on 19 March 2013	4.28	8,353
Forfeited *(Note (a))*	5.41	(128)
As at 30 June 2013	4.86	16,563
As at 1 January 2012	–	–
Granted on 6 January 2012	5.41	7,046
Granted on 12 January 2012	5.60	1,307
As at 30 June 2012	5.44	8,353

(a) Options were forfeited during the six months ended 30 June 2013 due to employees' resignation.

Share options outstanding at 30 June 2013 have the following expiry dates and exercise prices:

Expiry date	**Exercise price in HKD per share**	**Number of options (thousands)**
5 January 2022	5.41	6,903
11 January 2022	5.60	1,307
18 March 2023	4.28	8,353

The total fair value, which was determined by using Binomial option price model, of the options granted under the Share Option Scheme as at the grant dates are approximately HKD17,615,000 (equivalent to RMB14,330,000), HKD3,685,000 (equivalent to RMB2,999,000) and HKD16,249,000 (equivalent to RMB13,139,000) on 6 January 2012, 12 January 2012 and 19 March 2013 respectively. The following assumptions were adopted to calculate the fair value of the options on the grant dates:

	Granted on 6 January 2012	**Granted on 12 January 2012**	**Granted on 19 March 2013**
Exercise price	HKD5.41	HKD5.60	HKD4.28
Expected volatility	53.95%	53.93%	56.79%
Expected dividend yield	2.00%	2.00%	3.00%
Risk free rate	1.52%	1.49%	1.20%

The expected volatility is determined by calculating the historical volatility of the price of listed companies with businesses similar to the Group. The expected dividend yield is determined by the directors based on the expected future performance and dividend policy of the Group.

The share option expense charged to the condensed consolidated statement of comprehensive income during the six months ended 30 June 2013 was approximately HKD283,000 (equivalent to RMB226,000), including an amount of HKD271,000 (equivalent RMB216,000) for the directors and employees of the Group.

The share option expense charged to the condensed consolidated statement of comprehensive income during the six months ended 30 June 2012 was approximately HKD1,704,000 (equivalent to RMB1,391,000), including an amount of HKD1,640,000 (equivalent RMB1,339,000) for the directors and employees of the Group.

15 TRADE AND OTHER PAYABLES

	As at 30 June 2013 Unaudited *RMB'000*	As at 31 December 2012 Audited *RMB'000*
Trade payables – due to third parties	**62,502**	69,509
Trade payables – due to related parties	**20,185**	12,609
Other payables for property, plant and equipment	**5,434**	3,426
Other taxes payable	**11,775**	14,886
Employee benefit payables	**14,846**	18,597
Accrued operating expenses	**13,273**	17,303
Advances from customers	**14,033**	10,233
Amounts due to related parties	**–**	2,147
Others	**14,210**	13,255
	156,258	161,965

The ageing analysis of trade payables (including amounts due to related parties of trading in nature) based on invoice date is as follows:

	As at 30 June 2013 Unaudited *RMB'000*	As at 31 December 2012 Audited *RMB'000*
Up to 6 months	**77,862**	78,596
6 months to 1 year	**4,309**	3,002
1 year to 2 years	**493**	507
Over 2 years	**23**	13
	82,687	82,118

16 BORROWINGS

	As at 30 June 2013 Unaudited *RMB'000*	As at 31 December 2012 Audited *RMB'000*
Short-term bank borrowings		
– Mortgaged bank borrowings (i)	**138,396**	24,283
– Unsecured bank borrowings (ii)	**76,340**	80,000
	214,736	104,283

(i) As at 30 June 2013, bank borrowings of RMB128,396,000 are secured by bank deposits of RMB133,475,000 of the Group, and bank borrowings of RMB10,000,000 are secured by the land use rights and property, plant and equipment of the Group.

As at 31 December 2012, bank borrowings of RMB24,283,000 are secured by bank deposits of RMB27,500,000 of the Group.

(ii) As at 30 June 2013, bank borrowings of RMB46,340,000 are guaranteed by Mr. Lee Rie-Ho, Mr. Lee Chia Ling and Mr. Lee Kuo-Lin, all of them are directors of the Company (31 December 2012: nil).

17 OTHER LIABILITIES

	As at 30 June 2013 Unaudited ***RMB'000***	As at 31 December 2012 Audited *RMB'000*
Deferred revenue: customer loyalty programme	**10,358**	3,494

The Group operates a loyalty programme where customers accumulate points for purchases made which entitle them to redeem products of the Group in the future. Accordingly certain portion of the revenue from sale transaction is required to be deferred. Revenue from the reward points is recognised when the points are redeemed. Unused reward points will expire after one year.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

In the first half of 2013, revenue of the Group was RMB832.1 million, down by 8.1% from the corresponding period in 2012, and profit for the period was RMB128.2 million, down by 20.0% from the corresponding period in 2012. The decrease in the Group's revenue for the period was attributable mainly to the effect of a slowdown in economic development in the PRC.

In the first half of 2013, owing to the macroeconomic depression and the austerity measures of the PRC government, the consumer market in the PRC continued its downward trend. Under this environment, the Group is still pursuing market development and revised its marketing strategies to protect and expand its market share.

1. **Leading brand position.** According to a report commissioned by Euromonitor International, an independent third party, the "Tenfu" (天福) brand has one of the highest levels of brand awareness amongst tea product consumers in the PRC. The Group is of the view that, the sales structure of its tea products in the first half of 2013 reflects the recent trend of Chinese consumers, which has been switching from unbranded to branded traditional Chinese tea leaves, as well as a more reasonable consumption practice. Consumers tend to purchase middle-and-lower-ended but functional products instead of higher-ended products. With its high level of brand awareness and more than 20 years of presence in the market, as well as its diversified product range, the Group believes that it is in a good position to continue to occupy a large market share of branded traditional Chinese tea leaves, and also in a strong position to capture such expected growth in the market.

2. **Expanding and optimizing sales network.** The Group has continued adding retail outlets and retail points with a view to expanding the reach of its sales network for its tea products in the PRC. As at 30 June 2013, the Group had a total of 1,326 self-owned and third-party owned retail outlets and retail points, up a net of 11 retail stores and retail points from a total of 1,315 as at 31 December 2012.

3. **Enhanced processing and distribution efficiency and effectiveness.** The Group completed the implementation of a point-of-sale (POS) system and implemented an ERP (Enterprise Resource Planning) system in the second half of 2012 to provide real-time sales and inventory data from retail outlets, allowing the Group to more efficiently and effectively plan its processing schedules, manage resources and monitor sales and inventory information.

4. **Strengthened costs control.** The Group has strengthened its costs control on all items in accordance with prevailing economic environment and market conditions, and as a result, distribution costs and administrative expenses decreased as compared to the corresponding period in 2012.

The successful initial public offering on the main board of the Stock Exchange on 26 September 2011 provided the Company with a fully-integrated financial platform to support its future development. The Company raised net proceeds of RMB933.3 million from the Listing. The table below sets out the Company's planned use of the net proceeds at the time of Listing and its use of such net proceeds as at 30 June 2013:

	Planned use of net proceeds at Listing	**Net proceeds used as at 30 June 2013**
Expand and optimize network of self-owned retail outlets and retail points	40.0%	20.9%
Acquire store premises for self-owned retail outlets	25.0%	22.9%
Working capital and other general corporate purposes	10.0%	10.0%
Maintain and promote brands	15.0%	9.1%
Expand production capacity	10.0%	6.4%
Total	100.0%	69.3%

In the second half of 2013, despite the anticipated further slowdown in the economic growth of the PRC, the Group plans to continue with its expansion and to optimize its network of self-owned retail outlets and retail points and acquire store premises for the operation of self-owned retail outlets. In particular, the Group plans to:

1. **Continue to expand and optimize its retail sales network.** The Group will increase the number of stores, including both self-owned and third-party owned retail outlets and retail points, according to the economic development of the PRC. As part of this goal, the Group plans to continue to establish new retail outlets on high-traffic streets in the central business districts of selected cities, as well as retail points in popular shopping malls. In addition, the Group plans to strengthen its business relationships with major department stores and hypermarkets by entering into further cooperation agreements to expand the circulation of its tea products. To capture more customers who prefer to buy their tea products through the internet, the Group continues to monitor the opportunity to start internet sales. As disclosed in the Company's announcement dated 17 July 2013, 福建天福茗茶銷售有限公司 (Fujian Tian Fu Sales Co., Ltd.), an indirectly wholly owned subsidiary of the Company, and Ming Feng Holdings Co., Limited (銘峰控股有限公司) entered into an equity transfer agreement, pursuant to which Fujian Tian Fu Sales Co., Ltd has conditionally agreed to purchase, and Ming Feng Holdings Co., Limited has conditionally agreed to sell, the entire equity interest in 廈門天鈺商貿有限公司 (Xiamen Tianyu Commerce and Trading Co., Limited) at the purchase price of RMB2,061,600. Through the acquisition of Xiamen Tianyu Commerce and Trading Co., Limited, the Group will be able to have multi-channel sales and distribution network, which enables the Group to access a broad market audience and penetrate into different regions in the PRC, and continue to rapidly expand their sales.

2. **Continue to enhance brand reputation and consumer awareness.** The Group plans to maintain and promote its high level of brand awareness through targeted marketing and promotional activities. The Group will devote further efforts to promote its products and brands during major Chinese traditional festivals, and continue opening tea cultural flagship stores in order to maintain and promote the well-known "Tenfu" (天福) brand. The Group also plans to continue the promotion of an enhanced rewards program for its customers in order to encourage repeating business and increase customer loyalty.

3. **Continue to expand tea-related products portfolio.** The Group believes that a broad portfolio of products will help it maintain its leading brand awareness and keep pace with constantly changing consumer preferences and trends. To this end, the Group plans to develop and introduce new concepts for tea-related products and expand its product portfolio. On 17 July 2013, 福建天福茗茶銷售有限公司 (Fujian Tian Fu Sales Co., Ltd.) and TenYuan (HongKong) Holdings Co. Limited. (天元（香港）控股有限公司), a third party independent of the Company and its connected persons, entered into an equity transfer agreement, pursuant to which Fujian Tian Fu Sales Co., Ltd has conditionally agreed to purchase, and TenYuan (HongKong) Holdings Co. Limited. (天元（香港）控股有限公司) has conditionally agreed to sell, the entire equity interest in 廈門天洽餐飲管理有限公司 (Xiamen Tianqia Catering Management Co., Limited) at the purchase price of RMB837,200. Through the acquisition of Xiamen Tianqia Catering Management Co., Limited, the Group will enter into the tea drink industry.

4. **Expand production capacity to achieve optimization in procurement costs.** The Group has commenced the operation of the new production plant located in Zhangzhou, after the completion of its construction. The Group will consider further expansion through acquisition should suitable acquisition opportunities arise, in order to satisfy the anticipated increases in the demand for tea and tea-related products. As disclosed in the Company's announcement dated 17 July 2013, Tenfu (Hong Kong) Holdings Co., Limited (天福（香港）控股有限公司), an indirectly wholly owned subsidiary of the Company, and Ten Yuan (Singapore) Holdings Co. Pte. Ltd. entered into an equity transfer agreement, pursuant to which Tenfu (Hong Kong) Holdings Co., Limited has conditionally agreed to purchase, and Ten Yuan (Singapore) Holdings Co. Pte. Ltd. has conditionally agreed to sell, the entire equity interest in 浙江天福茶業有限公司 (Zhejiang Tianfu Tea Industry Co., Ltd.) at the purchase price of RMB39,128,821. Through the acquisition of Zhejiang Tianfu Tea Industry Co., Ltd., the Group will be able to have a production facility strategically located in Zhejiang, where it is the production base of Longjing tea and close to the retail outlets and retail points in central and Northeast China, as well as to achieve optimization in procurement costs.

5. **Quality assurance.** The Group considers product quality assurance to be essential to its operations, and places particular emphasis on inspecting and controlling the quality of raw materials in its supply chain. The Group will continue its commitment to quality assurance going forward by further enhancing its internal testing capabilities.

Looking forward, the Group's primary goal is to continue growing its business and increasing its market share by leveraging its strong market position and sales network and the anticipated long-term growth in the PRC tea market.

FINANCIAL REVIEW

Revenue

During the six months ended 30 June 2013, the Group engaged in the sale and marketing of a comprehensive range of tea products and the development of product concepts, tastes and packaging designs. The Group has manufacturing plants in Fujian province and Sichuan province, the PRC. The Group's key products are tea leaves, tea snacks and tea ware, which it sells through a nationwide network of self-owned and third-party owned retail outlets and retail points.

During the six months ended 30 June 2013, the Group derived substantially all of its revenue from the sales of tea leaves, tea snacks and tea ware. The revenue of the Group decreased by 8.1% to RMB832.1 million for the six months ended 30 June 2013, as compared to RMB905.2 million for the corresponding period in 2012. The following table sets forth a breakdown of revenue by product category for the periods indicated:

	Six months ended 30 June			
	2013		2012	
	RMB'000	***%***	*RMB'000*	*%*
Revenue contributed from:				
Tea leaves	**602,561**	**72.4**	673,389	74.5
Tea ware	**114,637**	**13.8**	115,363	12.7
Tea snacks	**98,066**	**11.8**	99,908	11.0
Others[(1)]	**16,871**	**2.0**	16,529	1.8
Total	**832,135**	**100.0**	905,189	100.0

Note:

(1) *"Others" include revenue from restaurant, hotel and management service. The Group derived its revenue from these operations through the provision of accommodation, food and beverages and other ancillary services and ticket sales from its tea museums.*

Revenue from sales of the Group's tea leaves decreased by 10.5% to RMB602.6 million for the six months ended 30 June 2013, as compared to RMB673.4 million for the corresponding period in 2012. Revenue from sales of the Group's tea ware decreased by 0.6% from RMB115.4 million for the corresponding period in 2012 to RMB114.6 million. Revenue from sales of the Group's tea snacks decreased by 1.8% to RMB98.1 million for the six months ended 30 June 2013 from RMB99.9 million for the corresponding period in 2012. The slight decrease in revenue across all three product categories were mainly due to the effect of the slowdown in economic development in the PRC.

Cost of sales

Cost of sales of the Group primarily comprises costs of inventory (mainly including costs of raw materials) and labour costs. Cost of sales of the Group increased by 2.9% to RMB321.9 million for the six months ended 30 June 2013, as compared to RMB312.7 million for the corresponding period in 2012, primarily due to a change in the product structure of the products offered by the Group.

Gross profit and gross profit margin

As a result of the decrease in income and the increase in costs, gross profit of the Group decreased by 13.9% to RMB510.2 million for the six months ended 30 June 2013, as compared to RMB592.5 million for the corresponding period in 2012, with gross profit margin decreasing from 65.5% for the corresponding period in 2012 to 61.3% for the six months ended 30 June 2013.

Distribution costs

The distribution costs of the Group decreased by 9.6% from RMB271.1 million for the corresponding period in 2012 to RMB245.2 million for the six months ended 30 June 2013. The decrease in distribution costs was primarily due to (i) a decrease in expenditure on sales personnel to RMB67.9 million for the six months ended 30 June 2013 as compared to RMB89.5 million for the six months ended 30 June 2012 as a result of a strengthened control on staff costs of the Company through tightened human resource management, (ii) the preparation costs of opening stores decreased to RMB2.7 million for the six months ended 30 June 2013 as compared to RMB5.8 million for the six months ended 30 June 2012.

Administrative expenses

Administrative expenses of the Group decreased by 13.6% from RMB110.6 million for the corresponding period in 2012 to RMB95.5 million for the six months ended 30 June 2013. The decrease was primarily due to a strengthened control on staff costs through tightened human resource management, as well as a reinforced supervision on utilities, pre-opening costs and office expenses.

Other income

Other income of the Group decreased by 57.4% to RMB4.4 million for the six months ended 30 June 2013, as compared to RMB10.3 million for the corresponding period in 2012. The decrease was primarily due to a decrease in government subsidies.

Other gains/losses, net

Other gains of the Group was RMB0.7 million for the six months ended 30 June 2013, as compared to other losses of RMB3.8 million for the six months ended 30 June 2012, primarily due to a decrease in foreign exchange losses.

Finance income

Finance income of the Group decreased slightly from RMB5.6 million for the corresponding period in 2012 to RMB5.4 million for the six months ended 30 June 2013, and finance income for both periods were comparable.

Finance costs

Finance costs of the Group decreased by 33.6%, from RMB5.1 million for the corresponding period in 2012 to RMB3.4 million for the six months ended 30 June 2013, primarily due to the average balance of bank loans for the six months ended 30 June 2012 was more than the average balance of bank loans for the six months ended 30 June 2013.

Share of profit of a joint venture

Share of profit of a joint venture of the Group was RMB0.7 million and RMB0.3 million for the six months ended 30 June 2013 and 2012, respectively.

Income tax expense

Income tax expense of the Group decreased by 15.3% from RMB58.0 million for the corresponding period in 2012 to RMB49.1 million for the six months ended 30 June 2013, primarily due to a decrease in the Group's profit before tax to RMB177.3 million for the six months ended 30 June 2013 from RMB218.1 million for the corresponding period in 2012.

Profit for the period

As a result of the foregoing factors, profit of the Group, all of which was attributable to the owners of the Company, decreased by RMB31.9 million, or 20.0%, from RMB160.1 million for the corresponding period in 2012 to RMB128.2 million for the six months ended 30 June 2013. Net profit margin of the Group decreased to 15.4% from 17.7% for the relevant periods, primarily due to changes in the structure of products sold which had led to a drop in gross profit margin.

Liquidity and capital resources

Cash position

The operations of the Group are capital intensive, and its liquidity requirements arise principally from the need for working capital to finance its operations and expansions. The Group has historically met its working capital and other capital requirements principally from cash generated from its operations, bank borrowings and capital contributions by its shareholders.

The Group's cash and cash equivalents decreased by RMB251.9 million, or 45.1%, from RMB558.8 million as at 31 December 2012 to RMB307.0 million as at 30 June 2013, primarily due to an increase in security deposits resulted from an increase in borrowings and greater efficiency on the capital use by the Group through better management, ie, different saving terms based on capital use demand, including time deposits.

The Group had net cash inflow from operating activities of RMB165.8 million, net cash outflow from investing activities of RMB283.2 million and net cash outflow from financing activities of RMB134.1 million for the six months ended 30 June 2013.

Bank borrowings and gearing ratio

The Group had total bank borrowings of RMB214.7 million as at 30 June 2013, as compared to RMB104.3 million as at 31 December 2012. As at 30 June 2013, the weighted average effective interest rate of the Group's bank borrowings was 3.6%, and 45.7% of the Group's bank borrowings were denominated in RMB, while 43.2% were denominated in USD and 11.1% were denominated in HKD.

As at 30 June 2013, bank borrowings of RMB10.0 million were secured by land use rights and property, plant and equipment of the Group with net book values of RMB3.9 million and RMB5.8 million, respectively, and bank borrowings of RMB128.4 million were secured by bank deposits of RMB133.5 million of the Group. As at 30 June 2012, bank borrowings of RMB50.0 million were secured by land use rights and property, plant and equipment of the Group with net book values of RMB13.0 million and RMB6.4 million, respectively, and bank borrowings of RMB4.5 million were secured by a bank deposit of RMB4.5 million.

The Group regularly monitors its gearing ratio, which represents total debt as a percentage of total capital. Total debt is calculated as total borrowings. Total capital is calculated as total equity plus total debt. As at 30 June 2013, the gearing ratio of the Group was 10.6%, compared to 5.0% as at 31 December 2012. The increase during the first half of 2013 was primarily due to an increase in the Group's bank borrowings, which in turn increased its total liabilities during this period.

Working capital

	As at 30 June 2013 ***RMB'000***	As at 31 December 2012 *RMB'000*
Trade and other receivables	**275,775**	212,244
Trade and other payables	**156,258**	161,965
Inventories	**372,407**	431,437
Trade receivables turnover days[(1)]	**100**	111
Trade payables turnover days[(2)]	**46**	58
Inventories turnover days[(3)]	**225**	239

Notes:

(1) *Trade receivables turnover days = the average of the beginning and ending trade receivables balances for the period, divided by revenue from wholesales to third-party retailers plus sales from the Group's self-owned retail points located in hypermarkets and department stores and sales through other sales channels mainly representing wholesales to other end customers for the period, multiplied by the number of days in the period.*

(2) *Trade payables turnover days = the average of the beginning and ending trade payables balances for the period, divided by cost of sales for the period, multiplied by the number of days in the period.*

(3) *Inventories turnover days = the average of the beginning and ending inventory balances for the period, divided by the cost of sales for the period, multiplied by the number of days in the period.*

The Group's trade and other receivables represent primarily balances due from third-party retailers, entrusted loan to a third party and other receivables from third parties. The Group's trade and other receivables increased by RMB63.5 million to RMB275.8 million as at 30 June 2013 from RMB212.2 million as at 31 December 2012, primarily due to (i) the seasonal effect on sales of the Group (first half of the year, covering Spring festival, spring tea and flower tea season is usually the peak season for wholesale, which resulted in the balance of trade receivables as at 30 June being more than the balance of trade receivables as at 31 December), (ii) entrusted loan extended to a third party with an amount of RMB30.0 million.

The Group's trade and other payables principally comprise payables to its raw material suppliers, employee benefit payables, other taxes payable, accrued operating expenses and advances from customers. The Group's trade and other payables decreased to RMB156.3 million as at 30 June 2013 from RMB162.0 million as at 31 December 2012, primarily due to (i) a decrease in employee benefit payables of RMB3.8 million, and (ii) a decrease in other taxes payable of RMB3.1 million, as a result of the decrease in value added tax payable as at 30 June 2013, compared with that as at 31 December 2012.

The Group's inventories comprise raw materials (including packaging materials), work-in-progress and finished goods. The Group's inventories decreased from RMB431.4 million as at 31 December 2012 to RMB372.4 million as at 30 June 2013, because of a decrease in purchase volume.

As at 30 June 2013, the Group has sufficient working capital and financial resources to support its regular operation.

Foreign exchange risk

The Group's normal operating activities are principally conducted in RMB, since all of its operating subsidiaries are based in the PRC. As at 30 June 2013, most of the operating entities' revenues, expenses, assets and liabilities were denominated in RMB. The Group's foreign exchange risk mainly arises from the portion of its sales and purchases of products denominated in USD and financing activities denominated in USD and HKD. The opinion of the directors of the Company (the "**Directors**") is that the Group does not have significant foreign currency risk exposure.

Any future depreciation of RMB could adversely affect the value of any dividends the Group pays to its shareholders. The Group currently does not engage in hedging activities designed or intended to manage such exchange rate risk.

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2013.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2013, the Group had a total of 5,387 employees, with 5,383 employees based in the PRC and 4 employees based in Hong Kong. For the six months ended 30 June 2013, the labour cost of the Group was RMB138.0 million.

The Group's employee remuneration policy is determined by reference to factors such as remuneration in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and employee performance. The Group conducts performance appraisal once every year for its employees, the results of which are applied in annual salary review and promotional assessment. The Group's employees are considered for annual bonuses according to certain performance criteria and appraisal results. Social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations.

The Group also provides continuous learning and training programs to its employees to enhance their skills and knowledge, so as to maintain their competitiveness and improve customer service. The Group did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or any material labour dispute during the six month period ended 30 June 2013.

The Company adopted a share option scheme on 17 December 2010. During the six months ended 30 June 2013, the Company granted options to subscribe for an aggregate of 8,353,000 shares on 19 March 2013 to certain Directors, employees and independent third party distributors of the Group. These options vest in tranches over a period of up to 3 years.

OTHER INFORMATION

Purchase, Sales or Redemption of Shares

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance

The Company is committed to the establishment of stringent corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company strives to maintain a high standard of corporate governance. For the six months ended 30 June 2013, the Company has complied with the code provisions included in the Corporate Governance Code (the "**CG Code**") and there has been no deviation from the code provisions as set forth under the CG Code for the six months ended 30 June 2013.

Model Code for Securities Transactions by Directors

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as the code for dealings in securities transactions by the Directors. Specific enquiries have been made with all the Directors and they have confirmed their compliance with the required standard set out in the Model Code throughout the six months ended 30 June 2013.

Interim Dividend

At the Board meeting held on 26 August 2013, it was resolved that an interim dividend of HKD0.07 (equivalent to RMB0.056) per share (2012 interim dividend: HKD0.08 (equivalent to RMB0.065) per share) be paid on or around 30 September 2013 to the shareholders (the "**Shareholders**") of the Company whose names appear on the Company's register of members on 18 September 2013. The total amount of the dividend to be paid is approximately 50% of the consolidated after tax net profit of the Group for the six months ended 30 June 2013, which is similar to the basis of dividend paid for the same period last year.

Closure of Register of Members

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from 16 September 2013 to 18 September 2013, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 13 September 2013.

Review of Accounts

The audit committee of the Company (the "**Audit Committee**") comprises the three independent non-executive Directors and one non-executive Director. The Audit Committee and the Company's management have reviewed the accounting principles and practices adopted by the Group, and discussed internal control and financial reporting matters including review of the unaudited interim results of the Group for the six months ended 30 June 2013. The condensed consolidated interim financial statements of the Group for the six months ended 30 June 2013 have also been reviewed by PricewaterhouseCoopers, the external auditor of the Company, 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 Report

This interim results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.tenfu.com). The interim report of the Company for the six months ended 30 June 2013 containing all the information required by the Listing Rules will be despatched to the Shareholders and made available for review on the aforesaid websites in due course.

By order of the Board
Tenfu (Cayman) Holdings Company Limited
Lee Chia Ling
Director

Hong Kong, 26 August 2013

As at the date of this announcement, the Board comprises nine members, of which Mr. Lee Rie-Ho, Mr. Lee Shih-Wei, Mr. Lee Chia Ling and Mr. Lee Kuo-Lin are the executive Directors; Mr. Tseng Ming-Sung and Mr. Wei Ke are the non-executive Directors and Mr. Lo Wah Wai, Mr. Lee Kwan Hung and Mr. Fan Ren Da, Anthony are the independent non-executive Directors.