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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

HIGHLIGHTS

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB million	*RMB million*
Key financial data		
Revenue	**472.2**	306.0
Gross profit	**131.8**	85.5
Net profit	**89.5**	47.7
Basic earnings per share (RMB)	**0.090**	0.048
Gross profit margin	**27.9%**	27.9%
Net profit margin	**19.0%**	15.6%

As compared with the same period in 2020:

- Total revenue increased by 54.3% to RMB472.2 million
- Gross profit increased by 54.2% to RMB131.8 million
- Net profit increased by 87.6% to RMB89.5 million
- Basic earnings per share increased by 87.5% to RMB0.090

The board of directors (the "Directors" or the "Board") of Tianyun International Holdings Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2021, together with the unaudited comparative figures for the corresponding period in 2020, as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
	Note	***RMB'000***	*RMB'000*
Revenue	*6*	**472,199**	305,959
Cost of sales		**(340,410)**	(220,455)
Gross profit		**131,789**	85,504
Other income	*6*	**461**	415
Other gains, net	*6*	**2,963**	3,913
Selling and distribution expenses		**(11,439)**	(5,974)
General and administrative expenses		**(22,085)**	(23,566)
Net reversal of impairment on financial assets		**–**	177
Operating profit	*7*	**101,689**	60,469
Finance income		**8,494**	7,674
Finance costs		**(3,438)**	(5,177)
Finance income – net	*8*	**5,056**	2,497
Profit before income tax		**106,745**	62,966
Income tax expense	*9*	**(17,234)**	(15,307)
Profit and total comprehensive income, net of tax for the period		**89,511**	47,659
Profit and total comprehensive income attributable to:			
Equity holders of the Company		**89,511**	47,772
Non-controlling interest		**–**	(113)
		89,511	47,659
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB dollar)			
– Basic earnings per share	*11*	**0.090**	0.048
– Diluted earnings per share	*11*	**0.090**	0.048

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	**30 June 2021 (Unaudited)** *RMB'000*	31 December 2020 (Audited) *RMB'000*
ASSETS			
Non-current assets			
Right-of-use assets		**77,417**	78,638
Property, plant and equipment	*12*	**420,206**	384,447
Investment properties	*14*	**30,300**	30,300
Prepayments	*13*	**135,217**	31,419
Goodwill		**1,104**	1,104
Total non-current assets		**664,244**	525,908
Current assets			
Inventories		**101,306**	86,969
Trade and other receivables	*13*	**194,754**	218,064
Restricted cash		**5,000**	5,000
Cash and cash equivalents		**486,514**	528,287
Total current assets		**787,574**	838,320
Total assets		**1,451,818**	1,364,228
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		**158,929**	141,685
Reserves		**964,458**	874,947
		1,123,387	1,016,632
Non-controlling interest		**–**	(147)
Total equity		**1,123,387**	1,016,485

	Note	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**5,488**	4,590
Current liabilities			
Trade and bills payables	*15*	**18,614**	19,776
Accruals and other payables	*16*	**28,398**	28,570
Amount due to a substantial shareholder		**79,526**	81,630
Bank and other borrowings	*17*	**187,860**	180,388
Contingent consideration payable		**–**	20,207
Lease liabilities		**141**	355
Current income tax liabilities		**8,404**	12,227
Total current liabilities		**322,943**	343,153
Total liabilities		**328,431**	347,743
Total equity and liabilities		**1,451,818**	1,364,228

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2021 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 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") and has been prepared under the historical cost convention as modified by the valuation of investment properties and contingent consideration payable, which are stated as fair value.

2 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2020, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of new standards and amendments to HKFRSs effective for the financial year beginning 1 January 2021.

(a) A number of amendments to standards are mandatory for the first time for the financial year beginning on or after 1 January 2021. The adoption of these amendments did not have a significant effect on the financial statements or result in any significant changes in the Group's accounting policies.

(b) The following new standard, amendments to standards and interpretation have been issued but are not effective for the financial year beginning 1 January 2021 and have not been early adopted by the Group

		Effective for accounting period beinning on or after
Amendment to HKAS 16	Proceeds before Intended Use	1 January 2022
Amendment to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendment to HKFRS 3	Update Reference to Conceptual Framework	1 January 2022
Annual improvements	Annual Improvement 2018 – 2020 Cycle	1 January 2022
Amendment to Account Guideline 5	Merger Account for Common Control Combinations	1 January 2022
Amendment to HKAS 1	Classification of Liabilities as Current and Non-current	1 January 2023
Amendment to HKAS 1	HKFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
Amendment to HKAS 8	Definition of Accounting Estimates	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HK Interpretation 5 (2020)	Classification by the Borrower of a Repayment on Demand Clause	1 January 2023
Amendment to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The directors of the Group are in the process of assessing the financial impact of the above new standard, amendments and interpretation. The directors of the Group will adopt the new standard, amendments to standards when they become effective.

3 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 consolidated financial statements for the year ended 31 December 2020.

4 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2020.

There have been no significant changes in the risk management policies since 31 December 2020.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding from an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping credit lines available at all time.

As at 30 June 2021, the Group has contractual undiscounted cash outflow for financial liabilities of approximately RMB302,231,000 (31 December 2020: RMB 296,364,000).

The Group holds cash and cash equivalents of approximately RMB486,514,000 (31 December 2020: RMB528,287,000) and trade receivables of approximately RMB169,209,000 (31 December 2020: RMB173,297,000) that are expected to generate cash inflows for managing liquidity risk.

5 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 business based on a measure of profit after income tax and considers the business 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 sales of processed fruit and beverage products, and trading of fresh fruits, and segment information are not presented.

The Company is domiciled in the British Virgin Islands ("**BVI**") while the Group operates its business in the People's Republic of China ("**PRC**"). For the six months ended 30 June 2021, the Group's revenue of approximately RMB451,273,000 (for the six months ended 30 June 2020: RMB276,537,000) was generated from domestic and overseas customers which are based in the PRC and the Group's revenue of approximately RMB20,926,000 (for the six months ended 30 June 2020: RMB29,422,000) was generated from direct sales to overseas customers.

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

No single customer contributed over 10% of the Group's total revenue for the six months ended 30 June 2021 (2020: Nil).

6 REVENUE, OTHER INCOME AND OTHER GAINS, NET

The Group is principally engaged in the manufacturing and sales of processed fruit and beverage products, and trading of fresh fruits.

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue recognised at a point in time		
Domestic sales	**451,273**	276,537
Direct overseas sales	**20,926**	29,422
Total sales of goods	**472,199**	305,959
Other income		
Government subsidies	**70**	143
Rental income *(Note 14)*	**391**	272
	461	415
Other gains, net		
Fair value gain on investment properties *(Note 14)*	**–**	158
Fair value change of the contingent consideration payable	**2,963**	3,755
	2,963	3,913

7 OPERATING PROFIT

An analysis of the amounts presented as operating items in the interim condensed consolidated statement of comprehensive income is as below:

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Auditors' remuneration	**1,044**	1,240
Cost of inventories sold	**313,439**	204,014
Depreciation of property, plant and equipment *(Note 12)*	**13,808**	10,369
Depreciation of right-of-use assets	**1,221**	1,154
Employee benefit expenses (including directors' emoluments)	**24,812**	17,359
Foreign exchange (gain)/loss	**(4,177)**	1,988
Land taxes, surcharges and other taxes	**3,445**	2,854
Net reversal of impairment on financial assets	**–**	(177)

8 FINANCE INCOME – NET

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Finance income		
Interest income on short-term bank deposits	**8,494**	7,674
Finance costs		
Interest expenses on bank and other borrowings	**(3,804)**	(4,983)
Interest expenses paid to a substantial shareholder	**(82)**	(180)
Interest expenses on lease liabilities	**(1)**	(14)
Less: amount capitalised on qualifying assets *(Note)*	**449**	–
	(3,438)	(5,177)
Finance income – net	**5,056**	2,497

Note: During the six months ended 30 June 2021, the Group has capitalised borrowing costs amounted to approximately RMB449,000 on qualifying assets. Borrowing costs were capitalised at weighted average rate of its general borrowings of 3.34% per annum. During the six months ended 30 June 2020, the Group had no qualifying assets for borrowing costs capitalisation.

9 INCOME TAX EXPENSE

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

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profit generated in Hong Kong for six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

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. Shantong Tiantong Food Co., Ltd., one of the subsidiaries of the Group, has been approved as High and New Technology Enterprise and is entitled to a preferential corporate income tax rate of 15% for 3 years starting from 2020.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% (six months ended 30 June 2020: 10%). The Group is therefore liable for withholding taxes on any dividends distributable by its subsidiaries established in the PRC.

Deferred tax liabilities have not been recognised for the retained earnings of its subsidiaries as at 31 December 2017 as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits of these subsidiaries on or before 2017 will not be distributed in the foreseeable future. Therefore the retained earnings before 2017 would be retained for future development of its subsidiaries in the PRC. The Group has recognised PRC withholding tax for the profit of its subsidiaries in the PRC since 2018.

At 30 June 2021, deferred tax liabilities related to the undistributed profit of the Group's subsidiaries in the PRC amount to approximately RMB5,488,000 (30 June 2020: RMB4,590,000) has been recognised in the consolidated statement of financial position.

The amount of taxation charged to the condensed consolidated interim statement of comprehensive income represents:

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current income tax		
PRC corporate income tax	**16,336**	14,763
Withholding tax relating to PRC subsidiaries		
Provision for the period	**898**	544

10 DIVIDENDS

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Final dividend declared during the period:		
2020 final dividend: nil (2019 final dividend: HK$0.030 per ordinary share)	**–**	26,333

The Board has resolved not to declare any interim dividend for six months ended 30 June 2021 (2020: same).

11 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of approximately RMB89,511,000 (for the six months ended 30 June 2020: RMB47,772,000) and the weighted average of approximately 988,189,000 ordinary shares after adjusting for weighted average number of issuable shares of which conditions are satisfied under the contingent consideration scheme arrangement and weighted average shares held under shares award scheme (for the six months ended 30 June 2020: 984,043,000 ordinary shares).

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the Company of approximately RMB89,297,000 after adjusting for the fair value change of the respective issuable shares under the contingent consideration scheme arrangement (for the six months ended 30 June 2020: RMB47,540,000) and the weighted average number of ordinary shares of approximately 989,084,000 after adjusting 1) the effect of deemed issuance of issuable shares from the beginning of the period; and 2) the number of shares that would have been issued assuming the exercise of the options less the number of shares that could have been acquired at fair value (according to the average market price of the shares of the Company) based on the monetary value of the subscription rights attached to the outstanding share options (for the six months ended 30 June 2020: 984,642,000 shares, after adjusting the effect of deemed issuable share from the beginning of the period).

12 PROPERTY, PLANT AND EQUIPMENT

	Buildings and leasehold improvements	Furniture and fixtures	Plant and machinery	Motor vehicles	Office and computer equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2021 (Unaudited)							
Opening amount as at 1 January 2021							
Net book value	**265,840**	**193**	**50,239**	**2,200**	**2,900**	**63,075**	**384,447**
Additions	**12,394**	**–**	**3,442**	**–**	**14**	**33,717**	**49,567**
Depreciation *(Note 7)*	**(9,273)**	**(24)**	**(3,667)**	**(215)**	**(629)**	**–**	**(13,808)**
Closing amount as at 30 June 2021	**268,961**	**169**	**50,014**	**1,985**	**2,285**	**96,792**	**420,206**
Six months ended 30 June 2020 (Unaudited)							
Opening amount as at 1 January 2020							
Net book value	225,567	252	47,603	2,631	2,661	7,721	286,435
Additions	19,570	–	706	–	1,615	32,448	54,339
Depreciation *(Note 7)*	(6,258)	(33)	(3,369)	(231)	(478)	–	(10,369)
Transfer in/(out)	5,782	–	801	–	–	(7,721)	(1,138)
Closing amount as at 30 June 2020	244,661	219	45,741	2,400	3,798	32,448	329,267

Construction in progress as at 30 June 2021 mainly comprises plants and production lines being constructing in the PRC (as at 31 December 2020: same).

As at 30 June 2021, the net book value of buildings of approximately RMB68,234,000 (as at 31 December 2020: RMB69,209,000) was pledged to secure bank borrowings granted to the Group (Note 17).

During the six months ended 30 June 2021, the Group has capitalised borrowing costs amounted to approximately RMB449,000 on qualifying assets. Borrowing costs were capitalised at weighted average rate of its general borrowings of 3.34% per annum. During the six months ended 30 June 2020, the Group had no qualify assets qualified for borrowing costs capitalisation.

13 TRADE AND OTHER RECEIVABLES

	Note	As at **30 June 2021** **(Unaudited)** ***RMB'000***	31 December 2020 (Audited) *RMB'000*
Trade receivables		**169,900**	173,988
Less: loss allowance of trade receivables	*(b)*	**(691)**	(691)
Trade receivables, net	*(a)*	**169,209**	173,297
Prepayments	*(c)*	**157,753**	73,049
Other receivables	*(c)*	**3,009**	3,137
		329,971	249,483
Less: non-current portion			
Prepayment for property, plant and equipment		**(39,217)**	(31,419)
Prepayment for land		**(96,000)**	–
Current portion		**194,754**	218,064

(a) Trade receivables

The Group's credit terms granted to customers generally ranged from 30 to 60 days (as at 31 December 2020: 30 to 60 days). The ageing analysis of the trade receivables, net of loss allowance, based on invoice date is as follows:

	As at **30 June 2021** **(Unaudited)** ***RMB'000***	31 December 2020 (Audited) *RMB'000*
Less than 30 days	**101,807**	97,749
31 to 60 days	**62,821**	75,378
61 to 90 days	**–**	170
181 to 365 days	**4,581**	–
	169,209	173,297

The carrying amount of these trade receivables approximate their fair value.

(b) Impairment of trade receivables

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which use a lifetime expected loss allowance for all trade receivables. The Group also continuously monitors the credit risks by assessing the credit quality of respective counterparties, taking into account its financial position, past experience and other factors. When necessary, the Group will make specific provision for those balances which cannot be recovered apart from the general provision arise from the expected credit loss model.

(c) Prepayments and other receivables

The carrying amounts of prepayments and other receivables approximate their fair values. The prepayments and other receivables are mainly denominated in RMB. Other receivables do not contain impaired assets.

14 INVESTMENT PROPERTIES

	As at	
	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Opening balance at 1 January	**30,300**	30,300
Transfer from property, plant and equipment	**–**	342
Fair value change	**–**	(342)
	30,300	30,300

Amounts recognised in profit or loss for investment properties

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Rental income *(Note 6)*	**391**	272
Fair value gain recognised *(Note 6)*	**–**	158

Principal investment properties

Location	**Approximate gross floor area (square meter)**	**Category of the lease term**
Northside of Fenghuang Main Street, Westside of Wenquan Road, Linyi City, Shandong Province, the PRC	5,917 m^2 (As at 31 December 2020: 5,917 m^2)	Land use rights for a term expired 18 April 2057

All of the fair value measurements of the Group's investment properties were categorised into level 3 of the fair value hierarchy.

15 TRADE AND BILLS PAYABLES

	As at	
	30 June	31 December
	2021	2020
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Trade and bills payables	**18,614**	19,776

As at end of the period, the ageing analysis of the trade and bills payables based on invoice date is as follows:

	As at	
	30 June	31 December
	2021	2020
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Less than 30 days	**14,889**	19,245
31 to 90 days	**1,696**	253
91 to 180 days	**1,821**	23
181 to 365 days	**114**	99
Over 365 days	**94**	156
	18,614	19,776

The carrying amounts of trade and bills payables approximate their fair values and are denominated in RMB.

16 ACCRUALS AND OTHER PAYABLES

	As at	
	30 June	31 December
	2021	2020
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Accrued employee benefit expenses	**8,700**	12,075
Land taxes, surcharges and other taxes payables	**3,608**	5,674
Other payables for purchases of property, plant and equipment	**2,807**	2,721
Others	**13,283**	8,100
	28,398	28,570

The carrying amounts of accruals and other payables approximate their fair values.

17 BANK AND OTHER BORROWINGS

The Group's bank borrowings were repayable as follows:

	As at	
	30 June	31 December
	2021	2020
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Within 1 year	**187,860**	180,388

Movements in bank and other borrowings are analysed as follows:

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Opening amount at 1 January	**180,388**	203,445
Proceeds from bank borrowings	**88,000**	82,600
Repayments of bank borrowings	**(78,120)**	(104,609)
Foreign exchange translation	**(2,408)**	1,120
Closing amount at 30 June	**187,860**	182,556

Interest expense on bank and other borrowings for the six months ended 30 June 2021 is approximately RMB3,804,000 (for the six months ended 30 June 2020: RMB4,983,000). During the six months ended 30 June 2021, the Group has capitalised borrowing costs amounted to approximately RMB449,000 on qualifying assets. Borrowing costs were capitalised at weighted average rate of its general borrowings of 3.34% per annum. During the six months ended 30 June 2020, the Group had no qualifying assets for borrowing costs capitalisation.

18 CONTINGENCIES

The Group did not have any material contingent liabilities as at 30 June 2021 and 31 December 2020.

19 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	As at	
	30 June	31 December
	2021	2020
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Property, plant and equipment	**56,661**	56,861

(b) Operating lease commitments

As lessor

The Group leases its investment properties (Note 14) under operating lease arrangements with leases generally negotiated for terms less than one year. The terms of the leases generally also require the tenants to pay security deposits and may provide for periodic rent adjustments according to the then prevailing market conditions.

At 30 June 2021, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	As at	
	30 June	31 December
	2021	2020
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Not later than 1 year	**383**	188

MANAGEMENT DISCUSSION AND ANALYSIS

Tianyun International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in (i) the research and development, production and sales of processed fruit packaged in metal containers, plastic cups, glass containers and aluminum foil bags and beverages ii) trading of fresh fruit. Processed fruit products are sold both under its own brands "繽果時代 (Bingo Times)", "果小懶 (fruit zz)" and "天同時代 (Tiantong Times)" and on an OEM basis. The beverages are sold under its own brand "享派 Shiok Party".

The Group has been consistently committed to providing its customers with healthy and safe products. As a food enterprise with the most complete quality certifications, we rigorously adhere to stringent international production standards and are accredited with BRC (A), IFS Food (High), FDA (FSMA), HALAL, SC, KOSHER, BSCI and ISO22000, etc. in respect of our production facilities, quality control and management. The Group has also passed the internal food production standards reviews and audits from several UK and US supermarket chains. At the same time, as a Chinese "Equal production line; Equal standard; Equal quality" food production and export enterprise, the Group has been supplying products of equivalent quality to domestic and international markets. Since 2016, the Group's own-brand processed fruit products have continued to achieve high market recognition, and the Group became China's first fruit processing company to place a "Zero Added Preservatives" label on its products.

The Group was awarded the China's Most Promising Listed Companies by the internationally renowned financial magazine Forbes, and the "2017 Linyi Mayor Quality Award" by the PRC Government respectively in 2017. The Group's proprietarily researched, developed and produced pure fruit snack food received the national "Certificate of Invention Patent" in 2018. The Group was awarded the National Hi-tech Enterprise Certificate in 2019. In 2020, the Group was recognised as one of the Most Valuable Chinese Brands for the fourth consecutive year.

Business Review

During the first half of 2021, China's economy enjoyed a strong start with consumption and investment in the manufacturing sector driving continuous growth. Consumption confidence has steadily recovered while the consumer market exhibits vitality. According to data from the National Bureau of Statistics of China, China's economy grew by 7.9% year-on-year during the second quarter of 2021. It is the fifth consecutive quarter of growth for China's economy and demonstrates a trend of sustained recovery. On the demand side, government policies to boost internal demand and stimulate consumption have been effective. With a continuous increase in consumption demand, final consumption expenditure contributed to 61.7% of the economic growth in the first half of 2021, making it a major driving force of the economy. Furthermore, government policies to stabilise foreign trade continued to have an impact as China's net export continued to drive economic growth, strengthening its role in contributing to economic growth.

For the six months ended 30 June 2021 (the "Review Period"), the Group's revenue, gross profit and net profit grew by 54.3%, 54.2% and 87.6% to RMB472.2 million, RMB131.8 million and RMB89.5 million, respectively. The Group maintained a flourishing business and a robust financial position. It continuously achieved research and development breakthroughs and increased production capacity, and made sustained efforts in improving production efficiency and product mix. As one of the food enterprises with the most complete set of quality and food safety certifications, the Group maintained high standards of product quality, strengthened enterprise core competitiveness and achieved encouraging results and performance.

During the Review Period, the Group achieved positive development momentum in Central China. In June 2021, in connection with the acquisition of the entire equity interest in Tiantong Foods (Yichang) Ltd., the Group completed the allotment and issue of 13,050,000 ordinary shares as consideration shares to the vendor for Tiantong Foods (Yichang) Ltd. having achieved a substantial proportion of the production volume guarantee of 80,000 tonnes of processed fruits and the total revenue guarantee from its principal business of RMB700 million during the agreed period. This demonstrates the effectiveness of the performance-linked incentive mechanism included in the acquisition agreement which the Group had entered into, and also demonstrates to the Group's sustained increase in production efficiency and synergistic creation of production capacity, which helps the Group develop new types of subtropical processed fruit products in Central China and optimise the Group's arrangements with warehousing and transportation of our own brand products. Additionally, the Group's new project in Yuan'an County of Yichang City has strategic significance for the Group's expansion in the Central China market as it will effectively raise the Group's production capacity of beverage products.

Own Brand and OEM Business

The Group maintained intensive efforts in developing its marketing strategy to enhance market penetration and recognition of our own brands. The Group organised promotional activities in conjunction with different themes and festivals, and participated in major industrial product exhibitions and fairs. The market responded positively towards the Group's natural and quality food and beverage products as well as diversified packaging. As of 30 June 2021, products under the Group's own brands were sold in 27 provinces, direct municipalities and autonomous regions across the PRC, with a sales network covering renowned chain supermarkets and stores such as RT MART, AEON, Jingkelong, JHCVS and Jiajiali.

During the Review Period, the Group launched its new own brand "享派Shiok Party" vitamin sports drink, centred around sports and healthiness, in the health and functional beverage market in China, bringing a brand new, healthy and safe choice to consumers. The "享派 Shiok Party" series beverages is made of natural and healthy ingredients and contain no added synthetic caffeine or preservatives. These product features match health-conscious trends that focus on three major aspects of low calorie intake, exercise and health. Catering to market demand with functionality, flavours, and brand new product and brand image, it has won the hearts of consumers and swept across markets, and its success has been recognised by our distributors and customers, helping the Group to secure its first step towards establishing a "crossover" position in the beverage industry.

The Group also launched a proprietary developed chunky fruit beverage "妖果季" in March this year. Combining fruit chunks, fruit juice and vitamins into a single can, the new product, designed to cater to market and consumer demands, made its debut at the 2021 Spring Food and Drinks Fair and instantly attracted strong interest from the market and distributors. Currently, the Group has released three flavours - peach, grape and strawberry, and it is expected that the chunky fruit beverage with other flavours including lychee, orange, coconut, hawthorn, pear and loquat will be launched gradually in the future. The Group will also continue to launch new products under its own brands "繽果時代 (Bingo Time)", "天同時代 (Tiantong Times)", and "果小懶 (fruit zz)" or other new brands.

The Group's OEM business continued to contribute stable revenue to the Group, with business coverage over renowned international brands in regions across the five continents, including the United Kingdom, Europe, Canada, the United States, Australia, New Zealand, Southeast Asia, and Japan. Despite the volatility of the global pandemic situation, there is still a robust worldwide appetite for importing various processed fruit products made in China.

Trading of Fresh Fruits

For years, the Group has selected and resold a small portion of fresh fruits to domestic fresh fruit wholesalers. According to an analysis conducted by iiMedia Research, China's fresh food retail market will maintain its growth momentum. It is expected that by 2025, the size of China's fresh food retail market will reach RMB6,800 billion. The Group will continue to actively seek business partners that have both domestic and international fresh fruit sales channels and reputable Chinese brands associated with fresh fruits, in order to promote more sales, exchange and processing of fresh fruits from different origins of both domestic and overseas markets, and bring a richer and more diversified variety of quality fruits to consumers at large.

Research and Development, and Production Capacity

The Group has been actively preparing for the launch of new beverage products and intensifying its efforts to diversify its range of products and brand portfolio. It is expected that the annual designed production capacity of the Group's new beverage products will be no less than 50,000 tonnes in 2021. The new beverage products can also complement to the Group's strategy to enhance the overall production efficiency even though the processed fruit industry has some production limitations arising from the seasonality in the supply of certain specific types of fruit.

The Group continued to improve its technology during the Review Period and promote a more extensive range of products and flavours. A series of new packaging preferred by younger age groups was designed, one of which will adopt the elements of Chinese traditions as its theme – a fusion of product characteristics and made in China, in an effort to build a China chic brand and satisfy the desire for new tastes and demand for diverse fruit products and beverages from consumers.

The Group is always improving production facilities in order to raise our level of automation and production efficiency. Currently, construction has fully commenced for the Group's new No. 5 and No. 6 production workshops in Shandong and has made remarkable progress. It is expected that construction will be completed and operations will commence in 2021. The Group's overall production capacity will progressively increase along with higher levels of automation.

In addition, the Group is setting up a production base in the Honghe Hani and Yi Prefecture of Yunnan Province in China, which is expected to commence operation in 2022. The Yunnan production base has a planned land area of over 130,000 square metres with total designed production capacity of 90,000 tonnes per annum. The Group intends to establish a research centre, processing centre, grading centre, sales and trading centre, and storage and logistics center, focusing on tropical processed fruit products. The tentative scope of business of the Yunnan production base includes the production and sales of products including canned fruits and vegetables, beverages, fresh fruits and vegetables and jelly. The Yunnan production base will achieve synergies with the Group's production bases in Shandong and Hubei Province, while the Group will benefit from the expansion in production facilities, enrichment of processed fruit varieties and growth in market coverage in China as it further develops production and sales of temperate, subtropical and tropical processed fruit products and beverages. Together, the three major processed fruit production bases will help the Group to strengthen its presence in North China, Central China and Southwest China. At the same time, the Yunnan production base will facilitate greater optimisation of the Group's arrangements on warehousing and transportation across China, thereby enhancing cost efficiency of our own brand products.

Merger and Acquisition and Strategic Partnership

The Group is always actively seeking opportunities for mergers and acquisitions and strategic partnerships in the hopes of enhancing its existing business, expanding its business network, exploring new technology, new products and new markets, and strengthening the Group's overall competitiveness. During the Review Period, the Group has successfully expanded from its focus on processed fruit products to the field of beverages. In particular, the first product in the vitamins sports functional beverage series under our own brand "享派Shiok Party" was launched with great success. It is expected that other fruit juice vitamins sports beverage products with different features and flavours will soon follow and will gradually be introduced to international markets. The Group will continue to monitor other potential domestic and international merger and acquisition and strategic partnership opportunities, developing new products and new markets, in order to complement the Group's inherent growth strategy and achieve better long-term development.

Outlook

Looking ahead, the world economy is set to continue its recovery under faster vaccination rates and more relaxed global mobility. Increased economic activity will create stronger demand. This being the first year of China's 14th Five-Year Plan, the government will focus on high quality, green and balanced development, opening more opportunities for businesses at large. Regarding consumption, the 14th Five-Year Plan emphasizes the strengthening of the domestic market. Efforts in expanding domestic demand will face the challenge of a complex and volatile external environment, but with government policy support, retail consumption and services will continue to improve and lead the way as the main drivers behind the next stage of economic recovery.

The Group will maximise its capture on the massive opportunities within the new normal in the post-pandemic era, developing and providing more varieties of healthy quality food and beverages to satisfy the demands of our customers. According to the 2020 Report on China's Beverage Industry Segments Development and Case Studies published by iiMedia Research in 2020, from 2014 to 2019, sales of sports and energy drinks grew at a CAGR of 15.0%, making this the fastest growing product segment. The 2021 China Consumers Report also shows that under the impact of the pandemic, 31% of the respondents have taken a stronger interest in sports and a healthy diet. Following the launch of "享派Shiok Party" beverage product, the Group's fruit juice vitamins sports beverage product series will be available in more flavours in the future as part of its efforts in solidifying its "crossover" strategic development.

Further, the Group will continue to optimise its sales network positioning, expand regional coverage of its own brand products, further strengthen cooperation with distribution partners and customers, and promote the progressive innovation and upgrade its own brand business, thus forming a strong growth momentum in the future. With our Shandong and Hubei production bases providing new production capacity, it is expected that the Group's production capacity for beverage products, existing processed fruit products and new types of fruit products will increase significantly, creating a stronger foundation for the Group to grow from strength to strength within the ever-changing landscape, further expanding its market share in China and the global market, and attain sustainable development.

FINANCIAL REVIEW

Revenue

During the Review Period, our revenue increased to approximately RMB472.2 million from approximately RMB306.0 million for the six months ended 30 June 2020, representing an increase of approximately RMB166.2 million or 54.3%. The Group continued to sell its processed fruit and beverage products under its own brand and on an OEM basis, and engaged in trading of fresh fruits. The increase in revenue during the Review Period was attributable to the increase in the sales of our own brand products, OEM products, and fresh fruits and others of approximately RMB149.3 million, RMB12.5 million, and RMB4.4 million respectively.

Breakdown of the revenue by business segments for the six months ended 30 June 2021 and the comparative unaudited figures in 2020 is set out as follows:

	For the six months ended 30 June (unaudited)			
	2021	2020	Changes	
	RMB million	*RMB million*	*RMB million*	*%*
Revenue				
Own Brand Sales	**311.5**	162.2	149.3	92.0
OEM Sales	**130.9**	118.4	12.5	10.6
Fresh Fruits Sales and others	**29.8**	25.4	4.4	17.3
Total	**472.2**	306.0	166.2	54.3

During the Review Period, revenue from our sales of processed fruits and beverage products under our own brand accounted for 66.0% (2020: 53.0%) of the total revenue and represented the largest business segment of the Group. Our own brand sales increased from approximately RMB162.2 million for the six months ended 30 June 2020 to approximately RMB311.5 million for the six months ended 30 June 2021, representing an increase of approximately RMB149.3 million or 92.0%. The substantial increase was contributed by the increase in sales from both our processed fruit products and newly launched beverage products.

Revenue from sales of processed fruit products on an OEM basis continued to contribute a significant portion of the total revenue of the Group and represented 27.7% (2020: 38.7%) of the total revenue during the Review Period. Our processed fruit products are mainly sold to international and well-known brand owners either by the Group directly to overseas brand owners or trading entities, or through local import and export entities based in the PRC. During the Review Period, revenue from OEM sales increased by RMB12.5 million or 10.6% from approximately RMB118.4 million for the six months ended 30 June 2020 to approximately RMB130.9 million for the six months ended 30 June 2021. During the Review Period, the COVID-19 continued to affect the consumption, commercial and tourism activities around the world. Many of the international trade fairs and exhibitions were cancelled or postponed.

We continued to trade a small portion of our fresh fruits to fresh fruits wholesalers during the Review Period. Revenue contributed by fresh fruit sales and others represented 6.3% of the total revenue for the six months ended 30 June 2021 (2020: 8.3%). Revenue from fresh fruit sales and others during the Review Period increased by RMB4.4 million or 17.3% to approximately RMB29.8 million. The increase in revenue of fresh fruits sales followed the increase in revenue from the sales of processed fruit products.

Gross profit and gross profit margin

	For the six months ended 30 June (unaudited)			
	2021	2020	Changes	
	RMB million	*RMB million*	*RMB million*	*%*
Gross profit				
Own Brand Sales	**90.2**	47.9	42.3	88.3
OEM Sales	**33.9**	34.7	(0.8)	(2.3)
Fresh Fruits Sales and others	**7.7**	2.9	4.8	165.5
Total gross profit	**131.8**	85.5	46.3	54.2

Gross profit for the six months ended 30 June 2021 increased to approximately RMB131.8 million from approximately RMB85.5 million for the six months ended 30 June 2020, representing a period-on-period increase of RMB46.3 million, or 54.2%. The increase was mainly driven by the increase in revenue from own brand sales.

	For six months ended 30 June (unaudited)	
	2021	2020
Gross profit margin		
Own Brand Sales	**29.0%**	29.5%
OEM Sales	**25.9%**	29.3%
Fresh Fruits Sales and others	**25.8%**	11.4%
Overall gross profit margin	**27.9%**	27.9%

During the Review Period, the overall gross profit margin was approximately 27.9% which was the same as in 2020. The increase in gross profit margin from the sales of beverage products was offset by the overall decrease in the gross profit margin from the sales of the processed fruit products.

Other income and other gains

During the Review Period, other income mainly represented rental income from investment properties. Other gains mainly represented the fair value change in contingent consideration payable with regard to the acquisition of the effective equity interest in Yichang Tiantong.

Selling and distribution expenses

Selling and distribution expenses mainly include the transportation and delivery costs, promotion and advertising expenses, and salary and related staff costs from sales and marketing department. For the six months ended 30 June 2021, the selling and distribution expenses increased from approximately RMB6.0 million for the six months ended 30 June 2021 to approximately RMB11.4 million, representing a period-on-period increase of approximately RMB5.4 million, or 90.0%. The increase was mainly attributable to the increase in promotion and advertising expenses during the Review Period.

General and administrative expenses

General and administrative expenses mainly include salary expenses and related staff costs for management and administrative departments, research and development costs, professional fees, depreciation and amortisation, foreign exchange differences, and various taxes with regard to the use of land and buildings. The amount of expenses decreased from RMB23.4 million for the six months ended 30 June 2020 to RMB22.1 million for the six months ended 30 June 2021, representing a period-on-period decrease of approximately RMB1.3 million, or 5.6%.

Without taking into account the effect of exchange difference during the Review Period, general and administrative expenses increased by approximately 22.9% or RMB4.9 million for the six months ended 30 June 2021, which was mainly driven by the increase in research and development costs, and depreciation expenses.

Income tax expenses

Income tax expenses represent mainly the PRC enterprise income tax payable by our PRC subsidiaries. For the six months ended 30 June 2021, our income tax expenses increased by RMB1.9 million, or approximately 12.4%, to RMB17.2 million from RMB15.3 million for the six months ended 30 June 2020. The overall increase in the income tax expenses was primarily due to the increase in our assessable income in the PRC which was partially offset by the reduction of effective tax rate due to the award of Hi-tech Enterprise Certificate in the PRC.

Net profit and net profit margin

For the six months ended 30 June 2021, net profit increased by approximately RMB41.8 million or 87.6% to approximately RMB89.5 million as compared to approximately RMB47.7 million for the six months ended 30 June 2020. The overall increase in net profit during the Review Period was mainly due to the increase in revenue, increase in net finance income and reduction in effective income tax rate. The net profit margin for the Review Period was 19.0% (2020: 15.6%).

Liquidity, financial resources and capital resources

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

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

	As at 30 June 2021	As at 31 December 2020
Gearing ratio *(%)*	**16.7%**	17.7%
Current ratio	**2.44**	2.44
Cash and cash equivalent *(RMB million)*	**486.5**	528.3
Net current assets *(RMB million)*	**464.6**	495.2
Quick ratio	**2.13**	2.19

The gearing ratio of the Group as at 30 June 2021 was 16.7% (31 December 2020: 17.7%). Gearing ratio was calculated based on total debts divided by total equity. The amount of total debts was calculated by aggregating the bank and other borrowings (excluding the amount due to a substantial shareholder).

The current ratio (calculated based on total current assets divided by total current liabilities) of the Group as at 30 June 2021 was 2.44 (31 December 2020: 2.44).

As at 30 June 2021, our cash and cash equivalents amounted to approximately RMB486.5 million (31 December 2020: RMB528.3 million). Our net current assets was approximately RMB464.6 million as at 30 June 2021, as compared to approximately RMB495.2 million as at 31 December 2020.

The quick ratio (calculated based on total currents assets (excluding inventory) divided by total current liabilities) of the Group as at 30 June 2021 was 2.13 (31 December 2020: 2.19). With stable cash inflows generated in the daily business operation, the Group has sufficient financial resources for potential future expansion.

The Group manages its capital structure by maintaining a balance between the equity and debts. The Group makes adjustments to the capital structure from time to time 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 Review Period.

Capital structure

The Group's total equity and liabilities amounted to approximately RMB1,123.4 million and RMB328.4 million, respectively as at 30 June 2021 (31 December 2020: RMB1,016.5 million and RMB347.7 million).

Bank and other borrowings, and net finance costs

As at 30 June 2021, the total amount of interest-bearing bank and other borrowings was approximately RMB187.9 million (31 December 2020: RMB180.4 million).

Net finance income or costs of the Group represents finance income less finance costs. Net finance income increased from approximately RMB2.5 million for the six months ended 30 June 2020 to approximately RMB5.1 million for the six months ended 30 June 2021, representing an increase of approximately RMB2.6 million.

During the Review Period, the finance income increased by approximately RMB0.8 million or 10.4% and finance costs decreased by approximately RMB1.8 million or 34.6%. The increase in net finance income was mainly attributable to the increase in interest income from bank deposits and decrease in effective interest rate on borrowings.

Pledged assets

The Group has pledged its right-of-use assets and buildings as collaterals for the bank borrowings. As at 30 June 2021, the net book value of pledged right-of-use assets and buildings amounted to approximately RMB145.5 million (31 December 2020: RMB147.5 million).

Capital expenditure

During the Review Period, the construction of the new No. 5 and No. 6 workshops was under progress and capital expenditure of approximately RMB32.5 million had been expended as of 30 June 2021. Approximately RMB15.8 million were expended in relation to upgrading works and addition of facilities and machineries for our production bases in Shandong and Hubei provinces. The non-current portion of the prepayment mainly included a refundable balance of RMB96.0 million at the PRC Government in preparation for participating in the land auction.

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 and other borrowings of the Group. The borrowings obtained at variable rates exposes the Group to cash flow interest rate risk, which is partially offset by the bank balances held at variable rates. The borrowings at fixed interest rates also expose the Group to fair value interest rate risk. During the Review Period, the bank and other borrowings of the Group at variable rates and fixed rates were all denominated in Renminbi or Hong Kong Dollars ("HKD"). The cash deposits placed with banks generate interest at the prevailing market interest rate.

Foreign currency exposure

The Group mainly operates in the PRC and most of the transactions are conducted in Renminbi. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to bank deposits, bank and other loans and trade receivables denominated in the United States dollars or HKD. Foreign exchange risk also arises from sales transactions in foreign currencies with overseas customers which have mostly been conducted in United States dollars. The monetary assets of the Group were denominated in HKD, Renminbi and United States dollars. The Group has not implemented any hedging measures to mitigate the aforesaid foreign exchange risk. The management will monitor its foreign exchange exposure from time to time and will consider implementing hedging measures if necessary.

Human resources

As at 30 June 2021, the number of employees of the Group was 685 (31 December 2020: 645). The total staff costs, including Directors' emoluments, amounted to approximately RMB24.8 million for the Review Period (30 June 2020: approximately RMB17.4 million). The emoluments payable to the Directors are subject to their respective terms of engagement approved by the Remuneration Committee of the Company having regard to the operating results of the Group, the performance of individual Directors and comparable market statistics. The Group implements a remuneration policy which offers or has in place bonus, a share option scheme and a share award scheme with reference to the performance of the Group and individual employees. The Group also provides insurances, medical benefits and contribute to retirement funds for employees so as to sustain the competitiveness of the Group.

Commitments and contingent liabilities

As at 30 June 2021, the Group did not have other material capital commitments. In addition, the Group did not have any material outstanding contingent liabilities. The capital commitments contracted for but not yet incurred and provided for as of 30 June 2021 amounted to approximately RMB56.7 million (31 December 2020: RMB56.9 million).

Material acquisitions and disposals

During the six months ended 30 June 2021 and up to the date of this announcement, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

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

During the six months ended 30 June 2021, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2021.

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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own code of corporate governance since the Listing Date.

Under code provision A.2.1 of the CG Code, the responsibilities between the chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Yang Ziyuan is our chief executive officer, and he also acts 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.

Besides, all major decisions have been made in consultation with other members of the Board and appropriate Board committees. In addition, Directors are encouraged to participate actively in all Board and Board committee meetings of which they are members, and the Chairman ensures that all issues raised are properly briefed and adequate time is available for discussion at the Board meetings. Therefore, the Board is of the view that there are adequate balance of power and safeguards in place. Nevertheless, the Board will continue to regularly monitor and review the Group's current structure and to make necessary changes at an appropriate time.

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 during the Review Period and up 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 have complied with the requirements of the Model Code during the Review Period and up to the date of this announcement.

AUDIT COMMITTEE

The Company has established an Audit Committee in accordance with the requirements of the Listing Rules. The Audit Committee is to serve as a focal point for communication between other directors, the external auditors, and the management as their duties relate to financial and other reporting, internal controls and the audits; and to assist the Board in fulfilling its responsibilities by providing an independent review of financial reporting, to satisfy themselves as to the effectiveness of the Company's internal controls and as to the efficiency of the audits. The primary duties of the Audit Committee is (i) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal and (ii) to monitor the integrity of financial statements of the Company and the Company's annual report and accounts and interim report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained therein. The Audit Committee comprises three independent non-executive directors, namely Mr. O'Yang Wiley (chairman), Mr. Liang Zhongkang and Prof. Lu Yuanping.

REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2021 have been reviewed by the Audit Committee and the Group's external 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.

Based on this review and discussions with the management, the Audit Committee was satisfied that the unaudited condensed consolidated interim financial information was prepared in accordance with the applicable accounting standards and fairly present the Group's financial position and results for the six months ended 30 June 2021.

SUBSEQUENT CHANGE AFTER 30 JUNE 2021

There were no significant changes in the Group's financial position or from the information disclosed in this announcement subsequent to 30 June 2021 and up to the date of this announcement.

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 2021 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.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my sincere gratitude to all our staff for their dedication and contribution to the Group. In addition, I would like to thank all our shareholders and investors for their support and our customers for their patronage.

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

Hong Kong, 26 August 2021

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, Prof. Lu Yuanping and Mr. O'Yang Wiley as the independent non-executive Directors.