



China Haisheng Juice Holdings Co., Ltd.

中國海升果汁控股有限公司

Stock Code : 359



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# Corporate Information

## Stock Code

359

## Executive Directors:

Mr. Gao Liang (*Chairman*)

Mr. Liang Yi

Ms. Zhu Fang

Ms. Wang Xuemei

## Independent non-executive directors:

Mr. Li Yuanrui

Mr. Yim Hing Wah (deceased on 14 July 2009)

Mr. Zhao Boxiang

## Company Secretary

Mr. Terence Sin Yuen Ko, FCCA

## Qualified Accountant

Mr. Terence Sin Yuen Ko, FCCA

## Authorised Representatives

Mr. Gao Liang

No. 3, Model A

Fengye Yuan, Yanta District

Xi'an, Shaanxi Province

The PRC

Mr. Terence Sin Yuen Ko, FCCA

11/F, Ka Wah Bank Centre

232 Des Voeux Road Central

Hong Kong

## Audit Committee Members

Mr. Yim Hing Wah (*Chairman*)

(deceased on 14 July 2009)

Mr. Zhao Boxiang

Mr. Li Yuanrui

## Remuneration Committee Members

Mr. Zhao Boxiang (*Chairman*)

Mr. Li Yuanrui

Mr. Yim Hing Wah (deceased on 14 July 2009)

## Registered Office

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

## Head Office and Principal Place of Business in Hong Kong

Room 1608, 16th Floor

Nan Fung Tower

173 Des Voeux Road Central

Hong Kong

## Website Address

[www.chinahaisheng.com](http://www.chinahaisheng.com)

## Principal Share Registrar and Transfer Office

Butterfield Fund Services (Cayman) Limited

Butterfield House

68 Fort Street, P.O. Box 705

George Town, Grand Cayman

Cayman Islands

## Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor

Hopewell Centre

183 Queen's Road East, Wanchai

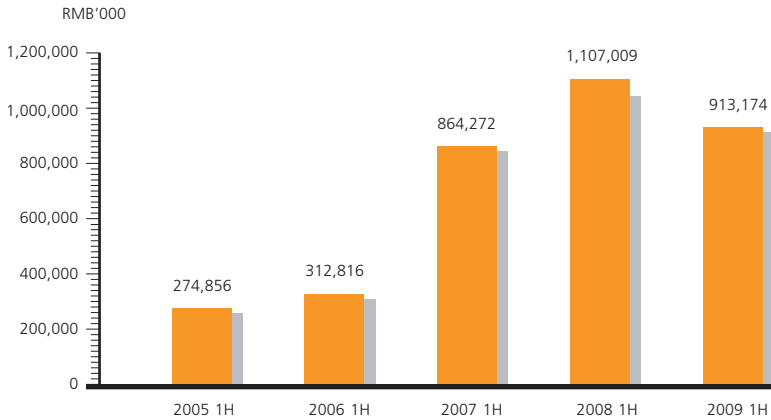
Hong Kong

## Principal Bankers

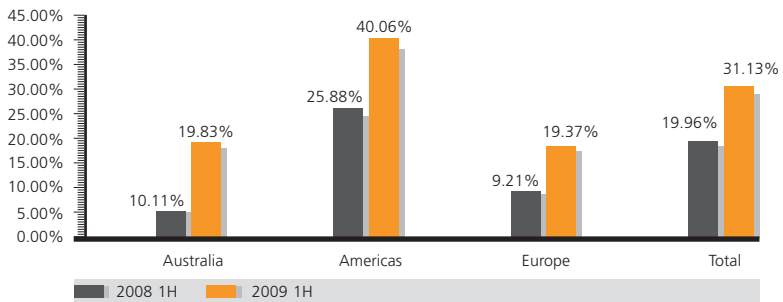
Agriculture Bank of China

The Export-Import Bank of China

## Comparison of the Group's revenue between five years



## By main market area, the revenue accounting for revenue of AJC Exported from PRC ratio analysis (comparing the first half of 2008 and 2009)



\* Source: Custom General Administration of the PRC

# Management Discussion and Analysis

## Review of results

The Board announces that, for the six months ended 30 June 2009, the Group recorded an unaudited turnover of approximately RMB913.2 million, representing a decrease of approximately 17.5% over the same period of last year. Gross profit margin for the six months ended 30 June 2009 was approximately 24.0%, as compared with 28.6% for the same period of last year. The Group has attained an unaudited profit attributable to equity holders of the parent of approximately RMB50.0 million for the period under review, representing a decrease of approximately 60.5% over the same period of last year.

For the period under review, turnover decreased by approximately 17.5% to approximately RMB913.2 million. Such decrease was mainly attributable to the decrease in selling price of apple juice concentrate and related products of the Group as the major markets of the Group including North America and Europe experienced an economic downturn. To cope with that, the Group put additional effort on marketing. The sales volume of the Group has increased during the period under review which net off part of the adverse effect of the decrease in selling price.

For the period under review, the gross profit margin of the Group decreased from approximately 28.6% to approximately 24.0% which was attributable to the decrease in selling price of the Group's products.

Distribution costs increased by approximately 17.4% to approximately RMB108.0 million during the period under review. Such increase was mainly attributable to the increase in sales volume.

Administrative expenses increased by approximately 57.0% to approximately RMB42.8 million during the period under review. The increase in administrative expenses was mainly attributable to the general increase in depreciation and professional fees in relation to legal proceedings and others.

Other operating expense increased to approximately RMB10.4 million during the period under review. The increase in other operating expense was mainly attributable to the recognition of impairment of intangible assets amounted to approximately RMB9.1 million.

On 2 April 2009, the Group has commenced legal proceedings at the Intermediate People's Court of Xian, Shaanxi Province, the PRC for the dispute over the foreign exchange structured currency swap contracts (the "Contracts"), which were entered into by the Group with a financial institution ("Counterparty") in July and August 2008 respectively and were restructured on 17 October 2008, against the Counterparty and one of its fellow subsidiaries who acted as a ratings advisor of the Company at the time when the Contracts were prepared and entered into. Details of the Contracts were set out in the Company's announcement dated 14 April 2009.

On 20 April 2009, the Counterparty served a notice dated 17 April 2009 on the Group that the Contracts have been terminated on 14 April 2009. The amount calculated and claimed by the Counterparty as at 17 April 2009 for the termination of the Contracts was USD26,283,603 (equivalent to approximately RMB180 million). The Group does not agree to pay the amount claimed by the Counterparty. Provision for the above-mentioned claim amounted to approximately RMB180 million was provided during the period under review. As the Contracts have been terminated during the period under review, a gain on derecognition of derivative financial instrument amounted to approximately RMB191.1 million was recognised.

Finance cost for the Group amounted to approximately RMB31.6 million in the period under review, representing a decrease of approximately 43.4% over the same period of last year. The decrease is attributable to the decrease in average bank borrowings and interest rate as well as the interest subsidy from the PRC Government recognised by the Group during the period under review.

During the period under review, there was a tax credit amounted to approximately RMB8.9 million as compared to an expense amounted to approximately RMB16.6 million in the same period of last year, which was mainly due to the grant of a profits tax exemption on the tax paid or payable for a PRC subsidiary's income derived from primary processing of agricultural product for the period after 1 January 2008.

The Group has attained an unaudited profit attributable to equity holders of the parent of approximately RMB50.0 million for the period under review, representing a decrease of approximately 60.5% over the same period of last year. The decrease in profit attributable to equity holders of the parent was mainly attributable to the decrease in turnover and gross profit margin during the period under review as discussed above.

### Liquidity, financial resources, gearing and capital commitments

The treasury policy of the Group is centrally managed and controlled at the corporate level. As at 30 June 2009, the Group's borrowings amounted to approximately RMB1,086.3 million (as at 31 December 2008: RMB1,299.2 million), among which, approximately RMB504.3 million (as at 31 December 2008: RMB778.6 million) were repayable within one year and approximately RMB582.0 million (as at 31 December 2008: RMB520.7 million) become due more than one year. Approximately RMB689.3 million (as at 31 December 2008: RMB841.5 million) were secured by way of charge on the Group's assets. Approximately RMB109.3 million were denominated in US dollars while approximately RMB977.0 million were denominated in RMB.

As at 30 June 2009, the cash and bank balances including pledged bank deposits amounted to approximately RMB182.8 million (as at 31 December 2008: RMB95.5 million).

The gearing ratio, defined as total liabilities divided by total assets, was decreased from approximately 72.1% as at 31 December 2008 to approximately 64.5% as at 30 June 2009 and debt to equity ratio, defined as total borrowings divided by total equity, decreased from 1.6 as at 31 December 2008 to approximately 1.3 as at 30 June 2009.

As of 30 June 2009, the Group has approximately RMB3.9 million capital commitments (as at 31 December 2008: RMB0.2 million) and has no significant contingent liabilities.

US dollar is one of the major settlement currencies for sales of the Group. Although RMB has appreciated against US dollar during the period under review, there was no significant impact on the Group's financial position as the Group carried out various measures to minimise the impact accordingly.

## Pledge of assets

At the respective balance sheet dates, the Group pledged the following assets:

	<b>At 30 June 2009 RMB'000</b>	At 31 December 2008 RMB'000
Property, plant and equipment	<b>511,491</b>	404,123
Prepaid lease payments	<b>24,348</b>	25,979
Pledged bank deposits	<b>80,995</b>	25,616
Inventories	<b>384,039</b>	396,219
	<b>1,000,873</b>	851,937

As at 30 June 2009, Mr. Gao Liang and Ms. Yue Jingna, the director and his wife, have provided personal guarantee to secure bank borrowings of RMB80 million (31 December 2008: RMB80 million).

As at 30 June 2009, bank borrowings in the amounts of RMB15 million (31 December 2008: RMB40 million) are guaranteed by Mr. Liang Yi and Mr. Gao Liang. In addition, Mr. Gao Liang also provided a personal guarantee to secure the Group's bank borrowings in the amount of RMB40 million (31 December 2008: nil).

In addition, borrowing in the amounts of RMB109 million (31 December 2008: RMB123 million) provided by an independent European financial institution was secured by the 67.64% equity interest of Qingdao Haisheng Fresh Fruit Juice Co., Ltd., a non-wholly owned subsidiary of the Group.



### Business Review

#### Expand our market share

During the period under review, the export of the apple juice concentrate in China grew as compared to that in the same period of 2008 according to the statistics of the Customs of the PRC. As one of the world's largest apple juice manufacturers, the Group's exports grew significantly. During the period, the Group's export of the apple juice concentrate rose by 61.5% over that in the same period of 2008. Basically, the exports achieved by the Group for the first half of the year already reached the amount achieved for the entire year of 2008. The Group's share of exports from the PRC expanded from 18% to 27% which further consolidated the Group's leading position in the industry.

#### Consolidate our traditional established markets and expand new markets

During the period under review, the Group experienced satisfactory growth in sales derived from both the traditional established markets and emerging markets of the Group. Based on the figures released by the Customs of the PRC, the Group's share of exports increased from 25.4% to 34.7% in the US; 14.6% to 38.9% in Russia; 17.8% to 43.2% in Canada; and 7.69% to 14% in the emerging markets in Asia-Pacific.

#### Strengthen the capabilities of our sales team for new product varieties

The Group's customers are internationally renowned food and beverage manufacturers from all over the world, as well as the core suppliers for customers in the high-end market. During the period under review, the Group strengthened the capabilities of its sales team for sales of new product varieties, and at the same time improved the sales of the Group's existing products in order to prepare for the market expansion of new product varieties in the future.

#### Continue to enhance our quality capabilities

After the analysis on the Group's historical sales, the Group considers that quality capabilities is one of the key reasons for the Group's fast growing market share. During the period under review, the Group adopted a number of measures to consolidate and enhance its quality capabilities, including provision of guidance on plantation habits to the fruit farmers, strengthening of quality control procedures at the source, adoption of foodgrade cleaning and more stringent quality standards on manufactured products.

During the period under review, Anhui Dangshan Haisheng Fresh Fruit Juice Co., Ltd. jointly established a national standard quality inspection center with the local government to introduce a set of large-scale and internationally advanced inspection facilities, enabling the Group to maintain a leading position among its peers in terms of its quality inspection capabilities.

### Improve our financial structure

During the period under review, the Group strengthened the internal management of its financial system, improved and enhanced the financial procedures and methods through different strategies, resulting in a further increase in the operational and management efficiency throughout the Group. All financial indicators saw significant growth, including: 1) the repayment of high interest loans, whilst the Group continued to increase low interest loans, which lowered the Group's lending rate and therefore significantly reduced the finance costs; 2) the reduction of total loans from RMB1,299.2 million as at the end of 2008 to RMB1,086.3 million as at the end of June 2009, which minimized the financial risks and ensured the Group's requirements on cash flows.

### Enhance our procurement capabilities

During the period under review, the Group also strengthened its working relationship with the suppliers. Apart from increasing the quality of materials, achieving timely delivery and lowering the costs, the Group also reduced the costs of procurement to achieve a win-win situation. In addition, the Group established a quality appraisal and performance assessment system to select quality suppliers that guarantee the Group's product quality and extend the credit period for the account payables. Meanwhile, the Group also endeavored to integrate the procurement procedures and model and control the fund appropriation in respect of the procurement of ancillary materials. The inventory of ancillary materials decreased by 41.4% as compared to that in the same period of last year, which further increased the utilization rate of the funds.

### Human resources and staff remuneration

As of 30 June 2009, the Group had 1,204 staff (30 June 2008: 1,585 staff). The decrease in number of staff was attributable to the increase in work efficiency, reduction of staff and optimization of organizational structure.



## Management Discussion and Analysis (continued)

In recent years, the Group has committed resources to provide continuing education and training to the management, core business personnel and employees, aiming at improving their standards of management, business accomplishment and technical know-how. Over 10 mid-to-senior management officers have obtained the EMBA qualifications from China Europe International Business School and tens of the mid-to-senior management officers have enrolled in the management programs organized by the premier academic institutions in China such as Tsinghua University.

At the same time, the Group successively recruited a number of management officers from multi-national corporations since last year to speed up the establishment of an advanced management system and the development of a professional team, so as to grow our human capital for our future development.

In order to attract and retain candidates with higher caliber, increase our staff's sense of belonging and fulfill its corporate social responsibility, the Group is committed to providing its staff with competitive remuneration, training and development platform.

### Outlook

Looking forward, the Group considers that the market will remain challenging. However, our management is very confident about the long-term development of the industry. The Group will grow in line with the following major policies with a view to become the world's premier fruit juice concentrate manufacturer.

#### Consolidate market share and expedite mutual growth with customers

The Group endeavors to establish long-term working relationship with the world's renowned food and beverage manufacturers to provide them with value-added services and a number of work platforms to expedite mutual growth and development. The Group also considers that the high profit margin of apple aroma and other small variety fruit juice products will have a positive effect on the profit growth of the Group. The Group will continue to closely monitor the market demand and industry growth trends to provide useful references for the development of new product varieties.

### Enlarge human resource input

The Group will continue to recruit high caliber candidates, strengthen staff training and establish effective appraisal and incentive system to further improve the staff performance, skills, expertise and efficiency as well as quality and to enhance the overall human resources profile, so as to effectively increase the market competitiveness of the Group.

### Seek opportunities for industry integration

The industry movements generate both challenges and opportunities to the Group. In coping with the challenges brought by the financial crisis, the Group will seek further opportunities for industry integration by focusing on strategic growth and adopting the capital operation means such as merger and acquisition to enhance the Group's market share and production capacity, thereby expanding our profitability.

### Develop new product varieties

As one of our focuses for the new pressing season, the Group will enhance the development and production of the new product varieties in the following manners: 1) step up the R&D efforts to add market value to the existing product varieties; 2) improve the production capacity and efficiency of small variety product lines through technology upgrade; 3) recruit more talents, and develop new variety products in addition to fruit juice concentrate.

### Enhance production and procurement efficiency

In order to effectively control the price and ensure the supply and quality of raw materials, the Group will further improve and market the three-way sourcing pattern. Meanwhile, during new pressing season, the Group will strive to enhance the utilization rate of production, fully explore the potential production capacity and better capitalize on the economies of scale. With respect to the R&D of apple aroma, the Group will work with the world's leading flavors and aroma companies to enhance the quality and productivity of apple aroma, maximizing the revenue of the Group. At the same time, the Group will continue to implement the quantitative online quality control system to monitor the entire supply chain and production chain on a real-time basis, which will help minimizing wastages and increasing the input/output ratio.

# Directors' Report

The board of directors ("Board") of China Haisheng Juice Holdings Co., Ltd. ("Company") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2009, with the comparative figures for the corresponding period in 2008.

## Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009 (2008: Nil).

## Directors' and Chief Executive's Interests and Short Position in Shares and Underlying Shares

As at 30 June 2009, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") in the Listing Rules, were as follows:

### Long position

Name	Name of the company	Capacity	Number and class of securities directly or indirectly held	Approximate percentage of shareholding
Mr. Gao Liang	The Company	Interest of controlled corporation	571,578,400 Shares (Note 1)	46.77%
Mr. Liang Yi	The Company	Trustee	49,751,600 Shares (Note 2)	4.07%
Mr. You Yong (resigned on 4 May 2009)	Shaanxi Haisheng Fresh Fruit Juice Co., Ltd. (Note 3)	Beneficial owner	180,000 Shares	0.097%
Ms. Zhu Fang	Shaanxi Haisheng Fresh Fruit Juice Co., Ltd. (Note 3)	Beneficial owner	180,000 Shares	0.097%

Notes:

1. The 571,578,400 Shares were held by Think Honour International Limited ("Think Honour"), the issued share capital of which was owned as to 80% by Mr. Gao Liang, 10% by Mr. Liang Yi and 10% by Mr. You Yong. Among the 10% of the issued share capital of Think Honour held by Mr. You Yong, 9% is held on trust by Mr. You Yong for eight individuals, namely Peng Limin (2%), Zhu Fang (1.5%), Suo Dong (1.5%), Luan Heping (1%), Yue Jingna (0.75%), Wang Xuemei (0.75%), Ding Li (0.75%) and Xie Haiyan (0.75%). Accordingly, Mr. Gao Liang is deemed to be interested in the 571,578,400 Shares held by Think Honour by virtue of the SFO.
2. The 49,751,600 Shares were held by Raise Sharp International Limited ("Raise Sharp"), the entire issued share capital of which was held by Mr. Liang Yi on trust for 660 individuals. Accordingly, Mr. Liang Yi is deemed to be interested in the 49,751,600 Shares held by Raise Sharp by virtue of the SFO.
3. Shaanxi Haisheng Fresh Fruit Juice Co., Ltd. is an indirect non-wholly owned subsidiary of the Company.

Save as disclosed above, as at 30 June 2009, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporation that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Substantial Shareholders' Interests in Shares and Underlying Shares

As at 30 June 2009, so far as is known to the Directors, the following persons other than a Director or chief executive of the Company, had or were deemed or taken to have an interest or short position of 5% or more of the interests in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

### Long position

Name	Name of the company	Capacity	Number and class of securities directly or indirectly held	Approximate percentage of shareholding
Think Honour	The Company	Beneficial owner	571,578,400 Shares (Note 1)	46.77%
Ms. Yue Jingna	The Company	Interest of spouse	571,578,400 Shares (Note 2)	46.77%
Goldman, Sachs & Co.	The Company	Interest of controlled corporation	244,440,000 Shares (Note 3)	20.00%
The Goldman Sachs Group, Inc.	The Company	Interest of controlled corporation	244,440,000 Shares (Note 3)	20.00%
GS Advisors 2000, L.L.C	The Company	Investment manager	183,759,488 Shares	15.04%
GS Capital Partners 2000, L.P.	The Company	Beneficial owner	134,784,127 Shares	11.03%
Raise Sharp	The Company	Beneficial owner	49,751,600 Shares (Note 4)	4.07%

*Notes:*

1. The issued share capital of Think Honour was owned as to 80% by Mr. Gao Liang, 10% by Mr. Liang Yi and 10% by Mr. You Yong. Among the 10% of the issued share capital of Think Honour held by Mr. You Yong, 9% is held on trust by Mr. You Yong for eight individuals, namely Peng Limin (2%), Zhu Fang (1.5%), Suo Dong (1.5%), Luan Heping (1%), Yue Jingna (0.75%), Wang Xuemei (0.75%), Ding Li (0.75%) and Xie Haiyan (0.75%).
2. Ms. Yue Jingna was the spouse of Mr. Gao Liang. Ms. Yue Jingna was deemed to be interested in the 571,578,400 Shares in which Mr. Gao Liang was interested by virtue of the SFO.
3. GS Capital Partners 2000 Employee Fund, L.P., GS Capital Partners 2000 GmbH & Co. Beteiligungs KG, GS Capital Partners 2000 Offshore, L.P., GS Capital Partners 2000, L.P. and Goldman Sachs Direct Investment Fund 2000, L.P. (together, the "Investors") are interested in an aggregate of 244,440,000 Shares. The general partner or managing partner of each of the Investors is a direct or indirect wholly-owned subsidiary of The Goldman Sachs Group, Inc.. Goldman, Sachs & Co., a wholly-owned subsidiary of The Goldman Sachs Group, Inc., held by The Goldman Sachs Group, Inc. directly and indirectly through intermediate subsidiaries, is the investment manager of each of the Investors. Pursuant to the SFO, each of Goldman, Sachs & Co. and The Goldman Sachs Group, Inc. is deemed to be interested in the aggregate of 244,440,000 Shares in which the Investors are interested in total.
4. The entire issued share capital of Raise Sharp is held by Mr. Liang Yi on trust for 660 individuals.



## Directors' Report (continued)

So far as is known to the Directors or chief executive of the Company, the following companies/persons were interested in 10% or more of the equity interests of any other members of the Group as at 30 June 2009:

<b>Name</b>	<b>Equity interests held in the members of the Group (other than the Company)</b>	<b>Nature of interests</b>	<b>Approximate percentage</b>
Kataoka & Co., Ltd	Haisheng Kataoka (Dalian) Juice limited	Beneficial owner	30%

## Corporate Governance

The Company is committed to adhere to the regulatory standards of the Stock Exchange, improving the corporate governance structure and performing the obligations as set out in the code provisions in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Listing Rules. During the period under review, the Company has complied with the Code, saved for the deviation discussed below.

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. At present, the Company does not have the competent candidate for the position of Chief Executive Officer of the Company. Mr. Gao Liang, therefore, acts as the Chairman and the Chief Executive Officer of the Company on a temporary basis. The Company is recruiting for a competent and suitable person to fill the vacancy of the Chief Executive Officer of the Company.

## Share Option Scheme

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 29 May 2007 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 29 May 2017. Under the Scheme, the Board may, at their absolute discretion, grant options to the following participants to subscribe for shares in the Company:

- (i) any eligible employees, including executive, non-executive and independent non-executive directors and consultants or advisors of or to the Company or its subsidiaries or any entity in which the Group holds any equity interest ("Invested Entity");
- (ii) any supplier of goods or services to any member of the Group or any Invested Entity;
- (iii) any customer of the Group or any Invested Entity;
- (iv) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and
- (v) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group and any Invested Entity.

The total number of shares which may be issued upon exercise of the options to be granted under the Scheme must not in aggregate exceed 10% of the total number of shares in issue as at the date of approval of the Scheme. Without prior approval from the Company's shareholders, the maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme must not in aggregate exceed 30% of the issued share capital of the Company from time to time. The total number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any 12 month period is not permitted to exceed 1% of the share capital of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors or any of their associates in excess of 0.1% of the Company's share capital and with a value in excess of HK\$5 million in the past 12-month period must be approved in advance by the Company's shareholders.

## Directors' Report (continued)

Options granted must be taken up within 28 days from the date of grant, upon payment of HK\$1 per option. Options may be exercised at any time during a period of not more than 10 years from the date of grant, subject to the terms and conditions of the Scheme and any conditions of grant as may be stipulated by the Board. The exercise price is determined by the directors of the Company, and must be at least the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Option, which must be a business day, (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

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

Date of grant	Vesting period	Exercise price HK\$	Exercisable period	Outstanding at 1.1.2009	Granted during the period	Lapsed during the period	Outstanding at 30.06.2009
3.3.2008	3.3.2008 to 2.3.2009	2.012	3.3.2009 to 2.3.2013	17,360,000	-	(720,000)	16,640,000
3.3.2008	3.3.2008 to 2.3.2010	2.012	3.3.2010 to 2.3.2013	6,520,000	-	-	6,520,000
				23,880,000	-	(720,000)	23,160,000

## Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 June 2009.

## Model Code for Securities Transactions by Directors

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules ("Model Code"). Having made specific enquiry, all Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the period under review.

## Remuneration Committee

During the period under review, the Remuneration Committee comprising three independent non-executive Directors, namely Mr. Zhao Boxiang (Chairman), Mr. Li Yuanrui and Mr. Yim Hing Wah (deceased on 14 July 2009), was appointed by the Board. The Remuneration Committee had adopted terms of reference (containing the minimum prescribed duties) that are in line with the Code and the Company's own code on corporate governance practices.

By order of the Board  
**China Haisheng Juice Holdings Co., Ltd.**  
**Mr. Gao Liang**  
*Chairman*

Xi'an, the PRC, 11 September 2009

*As at the date of this report, the Board comprises Messers. Gao Liang, Liang Yi, Zhu Fang and Wang Xuemei, being executive Directors and Messers. Zhao Boxiang and Li Yuanrui, being independent non-executive Directors.*

# Unaudited Interim Results

## Condensed Consolidated Income Statement

For the six months ended 30 June 2009

	NOTES	(Unaudited)	
		Six months ended 30 June	
		2009	2008
		RMB'000	RMB'000
Revenue	4	<b>913,174</b>	1,107,009
Cost of sales		<b>(694,127)</b>	(790,444)
Gross profit		<b>219,047</b>	316,565
Other income		<b>1,188</b>	2,402
Distribution and selling expenses		<b>(107,994)</b>	(91,953)
Administrative expenses		<b>(42,770)</b>	(27,238)
Other operating expenses		<b>(10,394)</b>	(566)
Gain on derecognition of derivative financial instrument		<b>191,104</b>	–
Provisions for other liabilities and charges		<b>(179,567)</b>	–
Finance costs		<b>(31,603)</b>	(55,876)
Profit before taxation		<b>39,011</b>	143,334
Taxation	5	<b>8,870</b>	(16,603)
Profit for the period	6	<b>47,881</b>	126,731
Attributable to:			
Equity holders of the parent		<b>49,977</b>	126,512
Minority interests		<b>(2,096)</b>	219
		<b>47,881</b>	126,731
Dividends	7	–	24,444
Basic earnings per share (RMB cents)	8	<b>4.1 cents</b>	10.4 cents

## Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

	(Unaudited)	
	2009 RMB'000	2008 RMB'000
Profit for the period	<b>47,881</b>	126,731
Other comprehensive expense		
Exchange difference arising on translation of foreign operations	<b>(4)</b>	(673)
Total comprehensive income for the period	<b>47,877</b>	126,058
Attributable to:		
Equity holders of the parent	<b>49,973</b>	125,839
Minority interests	<b>(2,096)</b>	219
	<b>47,877</b>	126,058

## Condensed Consolidated Statement of Financial Position

As at 30 June 2009

	NOTES	30 June 2009 (Unaudited) RMB'000	31 December 2008 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	1,369,096	1,398,163
Prepaid lease payments		44,123	44,956
Intangible assets		2,715	12,177
Deposit for acquisition of property, plant and equipment		329	–
		<b>1,416,263</b>	1,455,296
<b>CURRENT ASSETS</b>			
Inventories	10	527,235	1,102,618
Trade and other receivables	11	283,536	228,407
Pledged bank deposits		61,005	25,616
Bank balances and cash		121,749	69,874
		<b>993,525</b>	1,426,515
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	205,008	540,978
Bills payables		73,800	35,500
Tax liabilities		3,934	3,962
Dividend payable to minority shareholders of a subsidiary		237	237
Bank and other borrowings – due within one year		504,327	778,564
Derivative financial instrument		–	191,104
Provisions for other liabilities and charges		179,567	–
		<b>966,873</b>	1,550,345
<b>NET CURRENT ASSETS (LIABILITIES)</b>		<b>26,652</b>	(123,830)
		<b>1,442,915</b>	1,331,466

# Unaudited Interim Results (continued)

	<b>30 June 2009 (Unaudited) RMB'000</b>	31 December 2008 (Audited) RMB'000
<i>NOTES</i>		
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>12,715</b>	12,715
Reserves	<b>824,142</b>	772,275
Equity attributable to equity holders of the parent	<b>836,857</b>	784,990
Minority interests	<b>17,796</b>	19,892
Total equity	<b>854,653</b>	804,882
<b>NON-CURRENT LIABILITIES</b>		
Bank and other borrowings – due after one year	<b>581,983</b>	520,684
Deferred tax liability	<b>6,279</b>	5,900
	<b>1,442,915</b>	1,331,466



# Unaudited Interim Results (continued)

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

	Share capital	Share premium	Share option reserve	Special reserve	Translation reserve	Statutory surplus reserve	Accumulated profits	Attributable to equity holders of the parent	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2008 (audited)	12,715	159,434	-	258,722	594	75,699	349,654	856,818	19,885	876,703
Profit for the period	-	-	-	-	-	-	126,512	126,512	219	126,731
Exchange differences arising on translation of foreign operations	-	-	-	-	(673)	-	-	(673)	-	(673)
Total comprehensive income for the period	-	-	-	-	(673)	-	126,512	125,839	219	126,058
Recognition of equity-settled share based payments	-	-	5,165	-	-	-	-	5,165	-	5,165
Dividends	-	-	-	-	-	-	(24,444)	(24,444)	-	(24,444)
At 30 June 2008 (unaudited)	12,715	159,434	5,165	258,722	(79)	75,699	451,722	963,378	20,104	983,482
At 1 January 2009 (audited)	12,715	159,434	12,780	258,722	(430)	93,191	248,578	784,990	19,892	804,882
Profit for the period	-	-	-	-	-	-	49,977	49,977	(2,096)	47,881
Exchange differences arising on translation of foreign operations	-	-	-	-	(4)	-	-	(4)	-	(4)
Total comprehensive income for the period	-	-	-	-	(4)	-	49,977	49,973	(2,096)	47,877
Recognition of equity-settled share based payments	-	-	1,894	-	-	-	-	1,894	-	1,894
At 30 June 2009 (unaudited)	12,715	159,434	14,674	258,722	(434)	93,191	298,555	836,857	17,796	854,653

## Condensed Consolidated Statement of Cash Flow

For the six months ended 30 June 2009

	(Unaudited)	
	2009	2008
	RMB'000	RMB'000
Net cash inflow from operating activities	<b>347,309</b>	457,508
Net cash used in investing activities		
Purchase of property, plant and equipment	<b>(12,273)</b>	(130,333)
Other investing activities	<b>(35,067)</b>	(27,672)
	<b>(47,340)</b>	(158,005)
Net cash used in financing activities		
New bank and other borrowings raised	<b>792,013</b>	678,104
Repayment of bank and other borrowings	<b>(1,004,951)</b>	(812,663)
Other financing activities	<b>(35,156)</b>	(68,449)
	<b>(248,094)</b>	(203,008)
Increase in cash and cash equivalents	<b>51,875</b>	96,495
Cash and cash equivalents at 1 January	<b>69,874</b>	35,177
Cash and cash equivalents at 30 June, representing bank balances and cash	<b>121,749</b>	131,672

### Notes to the Condensed Interim Consolidated Financial Information

#### 1. General information

China Haisheng Juice Holdings Co., Ltd. (the “Company”) is a company incorporated in the Cayman Islands as an exempted company with limited liabilities and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the section “Corporate Information” in the 2009 interim report.

The ultimate holding company of the Company is Think Honour International Limited (“Think Honour”), a company incorporated in the British Virgin Islands (“BVI”) with limited liability.

The Company is an investment holding company and its subsidiaries (hereinafter collectively referred as to the “Group”) are principally engaged in the manufacturing and sale of fruit juice concentrate and related products.

The Group’s principal operations are conducted in the PRC. The condensed consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company.

#### 2. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with International Accounting Standard 34 (IAS 34) “Interim Financial Reporting”.

## Notes to the Condensed Interim Consolidated Financial Information (continued)

### 3. Principal accounting policies

The condensed consolidated financial information has been prepared on the historical cost basis.

These unaudited condensed consolidated interim financial statements of the Group should be read in conjunction with the 2008 annual accounts.

The accounting policies used in the preparation of the condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

### 4. Revenue and segment information

No segment information is presented for the period as the Group is principally engaged in one operating segment which is the manufacturing and sales of fruit juice concentrate and related products. The Group operates in the PRC and its major assets are located in the PRC.

The following is a geographical analysis of the Group's revenue based on the location of customers:

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2009</b>	2008
	<b>RMB'000</b>	RMB'000
North America	<b>610,323</b>	790,276
Europe and Russia	<b>150,224</b>	131,136
Asia	<b>49,448</b>	80,730
Australia	<b>37,047</b>	75,591
Others	<b>66,132</b>	29,276
	<b>913,174</b>	1,107,009

Notes to the Condensed Interim Consolidated Financial Information (continued)

5. Taxation

	(Unaudited)	
	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
Current tax		
– PRC Enterprise Income Tax	3,573	11,523
– PRC Enterprise Income Tax concessions	(12,935)	–
– Other jurisdictions	113	1,925
	(9,249)	13,448
Deferred taxation	379	3,155
	(8,870)	16,603

The Company is not subject to taxation in the Cayman Islands, which does not levy tax on the income of the Company.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from Hong Kong.

Taxation arising in the PRC is calculated at 25% (2008: 25%) on the estimated assessable profit of those subsidiaries that are subject to Enterprise Income Tax in the PRC except for 陝西海升果業發展股份有限公司 translated as Shaanxi Haisheng Fresh Fruit Co., Ltd ("Shaanxi Haisheng") which enjoys a preferential tax rate of 15% under the tax incentive in relation to its business in planting, development and production of woody edible oil, flavorings and industrial raw materials.

Certain PRC subsidiaries are exempted from PRC income tax for two years starting from their first profit-making year, and are entitled to a 50% relief on PRC income tax for the following three years.

## Notes to the Condensed Interim Consolidated Financial Information (continued)

### 5. Taxation (continued)

During the period under review, Shaanxi Haisheng was granted a PRC income tax exemption on tax for its income derived from primary processing of agricultural product after 1 January 2008.

A subsidiary of the Company, Haisheng International Inc., is a limited liability company incorporated in the USA on 21 January 2005 and is subject to corporate and federal tax at progressive rates.

The Tax Law of the PRC imposes withholding tax upon the distribution of the profits earned by the PRC subsidiaries on or after 1 January 2008 to their shareholders. Deferred tax provided for in the condensed consolidated financial statements on the estimated temporary differences arising in this respect amounted to approximately RMB6,279,000.

Notes to the Condensed Interim Consolidated Financial Information (continued)

6. Profit for the period

	(Unaudited)	
	For the six months	
	ended 30 June	
	2009	2008
	RMB'000	RMB'000
Profit for the period has been arrived at after charging (crediting):		
Directors' remuneration	503	724
Other staff costs	13,343	13,534
Retirement benefits scheme contributions	1,105	2,035
Share based payments	1,894	5,165
Total staff costs	16,845	21,458
Release of prepaid lease payments included in administrative expenses	458	455
Amortisation of intangible assets included in cost of sales	348	716
Depreciation of property, plant and equipment	40,296	35,025
Impairment loss on intangible assets (included in other expenses)	9,114	-
Loss on disposal of property, plant and equipment	655	-
Cost of inventories recognised in the condensed consolidated income statement	694,127	790,444
Provision for other obligations and charges	179,567	-
Bank interest income	(322)	(426)
Gain on derecognition of derivative financial instrument	(191,104)	-

## Notes to the Condensed Interim Consolidated Financial Information (continued)

### 7. Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009 (2008: Nil).

### 8. Earnings per share

The calculation of the basic earnings per share is based on the profit for the period attributable to equity holders of the Company of approximately RMB49,977,000 (2008: RMB126,512,000) and on 1,222,200,000 shares in issue during both periods.

No diluted earnings per share has been presented for the six months ended 30 June 2009 and 2008 as the exercise price of the Company's options was higher than the average market price per share.

### 9. Property, plant and equipment

During the period, the Group incurred approximately RMB12,273,000 on acquisition of property, plant and equipment.

### 10. Inventories

	<b>30 June 2009 RMB'000 (Unaudited)</b>	31 December 2008 RMB'000 (Audited)
Raw materials	<b>15,698</b>	26,803
Work in progress	<b>81,949</b>	122,162
Finished goods	<b>429,588</b>	953,653
	<b>527,235</b>	1,102,618



Notes to the Condensed Interim Consolidated Financial Information (continued)

11. Trade and other receivables

	<b>30 June 2009 RMB'000 (Unaudited)</b>	31 December 2008 RMB'000 (Audited)
Trade receivables	<b>168,869</b>	117,108
Less: allowance for doubtful debts	<b>(9,640)</b>	(9,640)
	<b>159,229</b>	107,468
Value added tax and other tax receivable	<b>37,889</b>	99,580
Advances to suppliers	<b>16,848</b>	9,941
Others	<b>69,570</b>	11,418
	<b>283,536</b>	228,407

The Group allows credit period which ranged from 90 to 120 days to its trade customers. The aged analysis of trade receivables net of allowance for doubtful debts at the reporting date, is as follows:

	<b>30 June 2009 RMB'000 (Unaudited)</b>	31 December 2008 RMB'000 (Audited)
Aged:		
0-90 days	<b>149,661</b>	104,572
91-180 days	<b>9,568</b>	2,896
	<b>159,229</b>	107,468

Notes to the Condensed Interim Consolidated Financial Information (continued)

12. Trade and other payables

	<b>30 June 2009 RMB'000 (Unaudited)</b>	31 December 2008 RMB'000 (Audited)
Trade payables	<b>102,752</b>	332,428
Payable for acquisition of property, plant and equipment	<b>46,058</b>	76,230
Advances from customers	<b>290</b>	104,168
Others	<b>55,908</b>	28,152
	<b>205,008</b>	540,978

The Group allows a credit period which ranged from 120 to 180 days from its suppliers. The aged analysis of trade payables is as follows:

	<b>30 June 2009 RMB'000 (Unaudited)</b>	31 December 2008 RMB'000 (Audited)
Aged:		
0–90 days	<b>61,868</b>	278,305
91–180 days	<b>24,223</b>	44,465
181–365 days	<b>12,273</b>	6,688
Over 1 year	<b>4,388</b>	2,970
	<b>102,752</b>	332,428

Notes to the Condensed Interim Consolidated Financial Information (continued)

13. Capital commitments

	<b>At</b>	At
	<b>30 June</b>	31 December
	<b>2009</b>	2008
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	<b>3,851</b>	172