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烟台北方安德利果汁股份有限公司

Yantai North Andre Juice Co., Ltd.

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 02218)

Interim **Report**

For the six months ended 30 June 2013

烟台北方安德利果汁股份有限公司

Yantai North Andre Juice Co., Ltd.*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock code: 02218)

INTERIM RESULTS (UNAUDITED)

The Board of Directors (the "Board") of Yantai North Andre Juice Co., Ltd.* (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2013, with the comparatives of the corresponding period in 2012, as follows:

Consolidated Balance Sheet
At 30 June 2013
(Expressed in Renminbi Yuan)

	Note	**30 June 2013**	31 December 2012
ASSETS			
Current assets:			
Cash at bank and on hand	V.1	**90,232,720**	82,536,225
Financial assets held for trading	V.2	–	2,028,000
Accounts receivable	V.3	**94,745,181**	122,772,712
Prepayments	V.4	**7,299,911**	4,576,829
Other receivables	V.5	**1,645,621**	8,837,463
Inventories	V.6	**643,302,050**	934,918,862
Other current assets	V.7	**72,565,690**	93,959,854
Total current assets		**909,791,173**	1,249,629,945
Non-current assets:			
Long-term equity investments	V.8	**125,239,040**	120,875,515
Fixed assets	V.9	**741,377,393**	736,045,676
Construction in progress	V.10	**2,324,537**	3,004,976
Intangible assets	V.11	**88,062,906**	86,294,864
Goodwill	V.12	**5,586,976**	5,586,976
Deferred tax assets	V.13	–	1,057,961
Total non-current assets		**962,590,852**	952,865,968
Total assets		**1,872,382,025**	2,202,495,913

The notes on pages 14 to 81 form part of these financial statements.

* *For identification purpose only*

	Note	30 June 2013	31 December 2012
EQUITY AND LIABILITIES			
Current liabilities:			
Short-term loans	V.16	**230,395,300**	297,137,500
Accounts payable	V.17	**44,517,538**	81,285,430
Advance from customers	V.18	**3,028,526**	1,105,004
Employee benefits payable	V.19	**21,905,791**	23,410,854
Taxes payable	V.20	**62,723,629**	30,556,025
Dividends payable	V.21	**20,449,400**	1,545,319
Other payables	V.22	**21,979,411**	163,246,681
Non-current liabilities due within one year	V.23	**38,616,875**	151,427,500
Total current liabilities		**443,616,470**	749,714,313
Non-current liabilities:			
Long-term loans	V.24	**–**	23,570,625
Long term payables	V.25	**673,937**	655,420
Total non-current liabilities		**673,937**	24,226,045
Total liabilities		**444,290,407**	773,940,358
Equity:			
Share capital	V.26	**408,988,000**	408,988,000
Capital reserve	V.27	**112,395,766**	112,395,766
Surplus reserve	V.28	**167,018,456**	167,018,456
Retained earnings	V.29	**739,689,396**	740,153,333
Total equity		**1,428,091,618**	1,428,555,555
Total equity and liabilities		**1,872,382,025**	2,202,495,913

Approved and authorised for issue by the board of directors on 26 August 2013.

Legal Representative: Wang An

Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei

(Company stamp)

The notes on pages 14 to 81 form part of these financial statements.

BALANCE SHEET
At 30 June 2013
(Expressed in Renminbi Yuan)

	Note	**30 June 2013**	31 December 2012
ASSETS			
Current assets:			
Cash at bank and on hand		**86,121,788**	70,542,008
Accounts receivable	X.1	**86,483,711**	73,914,872
Prepayments		**2,459,603**	543,528
Dividends receivable		**195,136,056**	196,783,956
Other receivables	X.2	**253,300,001**	381,991,495
Inventories		**146,778,776**	166,885,525
Other current assets		**62,149,851**	49,157,068
Total current assets		**832,429,786**	939,818,452
Non-current assets:			
Long-term equity investments	X.3	**612,544,586**	607,905,723
Fixed assets		**137,872,307**	133,872,461
Intangible assets		**33,257,229**	30,783,431
Deferred tax assets		**–**	1,057,961
Total non-current assets		**783,674,122**	773,619,576
Total assets		**1,616,103,908**	1,713,438,028

The notes on pages 14 to 81 form part of these financial statements.

	30 June 2013	31 December 2012
EQUITY AND LIABILITIES		
Current liabilities:		
Short-term loans	**167,395,300**	157,137,500
Bills payable	**23,000,000**	–
Accounts payable	**269,544,254**	110,435,702
Advance from customers	**712,234**	500,242
Employee benefits payable	**882,014**	1,541,014
Taxes payable	**444,106**	2,041,650
Dividends payable	**20,449,400**	1,545,319
Other payables	**133,331,409**	243,421,628
Non-current liabilities due within one year	**38,616,875**	151,427,500
Total current liabilities	**654,375,592**	668,050,555
Non-current assets:		
Long-term loans	–	23,570,625
Total non-current liabilities	–	23,570,625
Total liabilities	**654,375,592**	691,621,180
Equity:		
Share capital	**408,988,000**	408,988,000
Capital reserve	**138,638,464**	138,638,464
Surplus reserve	**100,061,818**	100,061,818
Retained earnings	**314,040,034**	374,128,566
Total equity	**961,728,316**	1,021,816,848
Total equity and liabilities	**1,616,103,908**	1,713,438,028

Approved and authorised for issue by the board of directors on 26 August 2013.

Legal Representative: Wang An

Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei

(Company stamp)

The notes on pages 14 to 81 form part of these financial statements.

Consolidated Income Statement
For the six months ended 30 June 2013
(Expressed in Renminbi Yuan)

		Note	For the six months ended 30 June 2013	2012
I	Operating income	V.30	**413,964,019**	707,048,639
II	Less: Operating costs	V.30	**338,965,680**	567,087,514
	Business taxes and surcharges	V.31	**2,898,268**	4,372,366
	Selling and distribution expenses		**22,910,028**	35,872,771
	General and administrative expenses		**23,476,190**	23,816,033
	Financial expenses	V.32	**11,825,548**	18,565,008
	Add: Gains from changes in fair value	V.33	**–**	1,055,322
	Investment income	V.34	**4,537,862**	7,057,766
	Including: Share of profit from an associate and a jointly controlled entity		**4,363,525**	6,298,794
III	Operating profit		**18,426,167**	65,448,035
	Add: Non-operating income	V.35	**1,600,521**	1,948,432
	Less: Non-operating expenses	V.36	**11,773**	68,450
IV	Profit before taxation		**20,014,915**	67,328,017
	Less: Income tax	V.37	**29,452**	1,260,160
V	Net profit for the period and net profit attributable to equity shareholders of the Company		**19,985,463**	66,067,857
VI	Earnings per share:			
	Basic earnings per share	V.38	**0.049**	0.157
	Diluted earnings per share	V.38	**0.049**	0.157

The notes on pages 14 to 81 form part of these financial statements.

	For the six months ended 30 June **2013**	2012
VII Other comprehensive income for the period	**–**	–
VIII Total comprehensive income for the period and total comprehensive income attributable to the equity shareholders of the Company	**19,985,463**	66,067,857

Approved and authorised for issue by the board of directors on 26 August 2013.

Legal Representative: Wang An

Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei

(Company stamp)

The notes on pages 14 to 81 form part of these financial statements.

Income Statement
For the six months ended 30 June 2013
(Expressed in Renminbi Yuan)

		Note	For the six months ended 30 June **2013**	2012
I	Operating income	X.4	**256,303,871**	358,014,809
II	Less: Operating costs	X.4	**266,282,817**	321,779,373
	Business taxes and surcharges		**1,828,012**	2,646,258
	Selling and distribution expenses		**13,649,256**	15,945,730
	General and administrative expenses		**6,876,962**	7,979,694
	Financial expenses		**8,970,192**	15,264,816
	Add: Investment income	X.5	**2,251,468**	4,006,998
	Including: Share of profit from an associate and a jointly controlled entity		**2,096,824**	3,831,527
III	Operating profit		**(39,051,900)**	(1,594,064)
	Add: Non-operating income		**1,364,500**	1,867,500
	Less: Non-operating expenses		**–**	55,985
IV	(Loss)/profit before taxation		**(37,687,400)**	217,451
	Less: Income tax		**1,951,732**	1,270,760
V	Net loss for the period		**(39,639,132)**	(1,053,309)
VI	Other comprehensive income for the period		**–**	–
VII	Total comprehensive income for the period		**(39,639,132)**	(1,053,309)

Approved and authorised for issue by the board of directors on 26 August 2013.

Legal Representative: Wang An
Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei
(Company stamp)

The notes on pages 14 to 81 form part of these financial statements.

Consolidated Cash Flow Statement
For the six months ended 30 June 2013
(Expressed in Renminbi Yuan)

	Note	For the six months ended 30 June 2013	2012
I Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		**513,222,186**	712,910,955
Refund of taxes		**41,438,905**	63,762,739
Cash received relating to other operating activities		**7,212,808**	6,690,160
Sub-total of cash inflows		**561,873,899**	783,363,854
Cash paid for goods and services		**(131,580,939)**	(220,230,699)
Cash paid to and for employees		**(13,412,274)**	(13,919,634)
Cash paid for all types of taxes		**(8,132,518)**	(13,036,902)
Cash paid relating to other operating activities		**(29,221,676)**	(28,735,764)
Sub-total of cash outflows		**(182,347,407)**	(275,922,999)
Net cash outflow from operating activities	V.39(1)	**379,526,492**	507,440,855
II Cash flows from investing activities:			
Proceeds from disposal of financial assets held for trading		**743,612,336**	1,498,500,915
Net cash received from disposal of fixed assets		**7,704,812**	50,171
Proceeds from disposal of equity interests of subsidiaries and a jointly controlled entity, net of cash disposed of		–	18,315,275
Cash received relating to other investing activities		**149,924**	142,629
Sub-total of cash inflows		**751,467,072**	1,517,008,990
Payments for the purchase of financial assets held for trading		**(741,410,000)**	(1,406,000,000)
Cash paid for acquisition of fixed assets and intangible assets		**(24,970,565)**	(16,827,808)
Sub-total of cash outflows		**(766,380,565)**	(1,422,827,808)
Net cash outflow from investing activities		**(14,913,493)**	94,181,182

The notes on pages 14 to 81 form part of these financial statements.

	Note	For the six months ended 30 June **2013**	2012
III Cash flows from financing activities:			
Cash received from borrowings		**155,852,095**	416,768,734
Sub-total of cash inflows		**155,852,095**	416,768,734
Cash repayments of bank borrowings		**(358,975,546)**	(649,474,451)
Cash repayments of related party borrowings		**(140,739,571)**	–
Cash paid for dividends		**(1,545,319)**	–
Cash paid for interest		**(10,799,089)**	(18,681,721)
Cash paid for purchase of own shares		**–**	(48,715,891)
Sub-total of cash outflows		**(512,059,525)**	(716,872,063)
Net cash inflow from financing activities		**(356,207,430)**	(300,103,329)
IV Effect of foreign currency exchange rate changes		**(127,373)**	353,361
V Net increase in cash and cash equivalents	V.39(1)	**8,278,196**	301,872,069
Add: Cash and cash equivalents at the beginning of the period		**54,251,412**	96,463,613
VI Cash and cash equivalents at the end of the period	V.39(2)	**62,529,608**	398,335,682

Approved and authorised for issue by the board of directors on 26 August 2013.

Legal Representative: Wang An

Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei

(Company stamp)

The notes on pages 14 to 81 form part of these financial statements.

Cash Flow Statement
For the six months ended 30 June 2013
(Expressed in Renminbi Yuan)

		Note	For the six months ended 30 June 2013	2012
I	Cash flows from operating activities:			
	Cash received from sale of goods and rendering of services		**383,547,943**	582,583,951
	Refund of taxes		**15,300,886**	37,474,102
	Cash received relating to other operating activities		**1,364,500**	2,817,193
	Sub-total of cash inflows		**400,213,329**	622,875,246
	Cash paid for goods and services		**(72,049,777)**	(183,017,215)
	Cash paid to and for employees		**(4,836,212)**	(3,668,661)
	Cash paid for all types of taxes		**(1,251,514)**	(596,184)
	Cash paid relating to other operating activities		**(20,015,830)**	(48,706,561)
	Sub-total of cash outflows		**(98,153,333)**	(235,988,621)
	Net cash outflow from operating activities	X.6(1)	**302,059,996**	386,886,625
II	Cash flows from investing activities:			
	Proceeds from disposal of financial assets held for trading		**741,564,639**	1,498,375,470
	Proceeds from disposal of equity interests of subsidiaries, net of cash disposed of		**–**	20,000,000
	Cash received from return on investments		**1,647,900**	1,647,900
	Net cash received from disposal of fixed assets		**19,315**	50,171
	Cash received relating to other investing activities		**122,734**	75,804
	Sub-total of cash inflows		**743,354,588**	1,520,149,345
	Payments for the purchase of financial assets held for trading		**(741,410,000)**	(1,401,000,000)
	Cash paid for acquisition of fixed assets and intangible assets		**(10,626,325)**	(1,506,089)
	Sub-total of cash outflows		**(752,036,325)**	(1,402,506,089)
	Net cash outflow from investing activities		**(8,681,737)**	117,643,256

The notes on pages 14 to 81 form part of these financial statements.

	Note	For the six months ended 30 June **2013**	2012
III Cash flows from financing activities:			
Cash received from borrowings		**156,422,720**	197,697,481
Sub-total of cash inflows		**156,422,720**	197,697,481
Cash repayments of bank borrowings		**(282,546,170)**	(340,687,528)
Cash paid for dividends		**(1,545,319)**	(1,647,900)
Cash paid for interest		**(9,179,221)**	(12,917,556)
Cash prepayments of related party borrowings		**(140,739,571)**	–
Cash paid for purchase of own shares		**–**	(48,715,890)
Sub-total of cash outflows		**(434,010,281)**	(403,968,874)
Net cash inflow from financing activities		**(277,587,561)**	(206,271,393)
IV Effect of foreign currency exchange rate changes		**308,996**	322,306
V Net increase in cash and cash equivalents	X.6(2)	**16,099,694**	298,580,794
Add: Cash and cash equivalents at the beginning of the period		**42,257,195**	77,642,547
VI Cash and cash equivalents at the end of the period	X.6(2)	**58,356,889**	376,223,341

Approved and authorised for issue by the board of directors on 26 August 2013.

Legal Representative: Wang An   Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei   (Company stamp)

The notes on pages 14 to 81 form part of these financial statements.

Consolidated Statement of Changes in Shareholders' Equity
For the six months ended 30 June 2013
(Expressed in Renminbi Yuan)

	Note	For the six months ended 30 June 2012				
		Share capital	Capital reserve	Surplus reserve	Retained earnings	Total
Balance at the beginning of the period		426,553,600	143,546,056	155,010,182	663,563,068	1,388,672,906
Changes in equity for the period						
1. Net profit for the period		–	–	–	66,067,857	66,067,857
2. Appropriation of profits						
– Distributions to shareholders		–	–	–	(20,449,400)	(20,449,400)
– Purchase of own shares		(17,565,600)	(31,150,290)	–	–	(48,715,890)
Balance at the end of the period		408,988,000	112,395,766	155,010,182	709,181,525	1,385,575,473

	Note	**For the six months ended 30 June 2013**				
		Share capital	**Capital reserve**	**Surplus reserve**	**Retained earnings**	**Total**
Balance at the beginning of the period		**408,988,000**	**112,395,766**	**167,018,456**	**740,153,333**	**1,428,555,555**
Changes in equity for the period						
1. Net profit for the period		**–**	**–**	**–**	**19,985,463**	**19,985,463**
2. Appropriation of profits	V.29					
– Distributions to shareholders		**–**	**–**	**–**	**(20,449,400)**	**(20,449,400)**
Balance at the end of the period		**408,988,000**	**112,395,766**	**167,018,456**	**739,689,396**	**1,428,091,618**

Approved and authorised for issue by the board of directors on 26 August 2013.

Legal Representative: Wang An　　Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei　　(Company stamp)

The notes on pages 14 to 81 form part of these financial statements.

Statement of Changes in Shareholders' Equity
For the six months ended 30 June 2013
(Expressed in Renminbi Yuan)

	For the six months ended 30 June 2012				
	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total
Balance at the beginning of the period	426,553,600	169,788,754	99,592,986	390,358,483	1,086,293,823
Changes in equity for the period					
1. Net profit for the period	–	–	–	(1,053,306)	(1,053,306)
2. Appropriation of profits					
– Distributions to shareholders	–	–	–	(20,449,400)	(20,449,400)
– Purchase of own shares	(17,565,600)	(31,150,290)	–	–	(48,715,890)
Balance at the end of the period	408,988,000	138,638,464	99,592,986	368,855,777	1,016,075,227

	For the six months ended 30 June 2013				
	Share capital	**Capital reserve**	**Surplus reserve**	**Retained earnings**	**Total**
Balance at the beginning of the period	**408,988,000**	**138,638,464**	**100,061,818**	**374,128,566**	**1,021,816,848**
Changes in equity for the period					
1. Net profit for the period	**–**	**–**	**–**	**(39,639,132)**	**(39,639,132)**
2. Appropriation of profits					
– Distributions to shareholders	**–**	**–**	**–**	**(20,449,400)**	**(20,449,400)**
Balance at the end of the period	**408,988,000**	**138,638,464**	**100,061,818**	**314,040,034**	**961,728,316**

Approved and authorised for issue by the board of directors on 26 August 2013.

Legal Representative: Wang An　　Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei　　(Company stamp)

The notes on pages 14 to 81 form part of these financial statements.

Notes to the financial statements

(Expressed in Renminbi Yuan unless otherwise indicated)

I. Company status

Yantai North Andre Juice Company Limited (the "Company"), was formerly Yantai North Andre Juice Limited which was established at Yantai on 30 March 1996. Headquarter of the Company is located at Yantai, Shandong Province.

As approved by the Ministry of Commerce of the People's Republic of China (former Ministry of Foreign Trade and Economic Cooperation), the Company changed its legality to a joint stock limited company, and changed its name to Yantai North Andre Juice Company Limited on 14 June 2001. On 26 June 2001, the Company obtained the business license for enterprise legal person (registration number Qi Gu Lu Zong Fu Zi No. 003936 (企股魯總副字003936號)) and the Company's registered capital was RMB113,880,000, representing 113,880,000 shares with a par value of RMB1.00 each.

Pursuant to a resolution passed at a shareholders' meeting on 14 September 2002 and approvals from relevant government authorities, the Company was approved to increase its share capital to a maximum of RMB157,580,000 after the listing of the Company's H shares on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. On 17 April 2003, the Company issued 38,000,000 H shares with a par value of RMB 1.00 each, which representing 25% of total shares of the Company after the issue at a price of HKD 3.70 per H share by placing. The registered capital of the Company changed to RMB151,880,000 after the issue.

Pursuant to a resolution passed at a special general meeting and class meetings of the holders of the H shares and Promoter shares of the Company on 24 October 2003 and approvals from relevant government authorities, each Promoter share and H share with a par value of RMB1.00 in the share capital of the Company was subdivided into ten Promoter shares and ten H shares with a par value of RMB0.10 each, respectively (the "share subdivision") with effect from 1 December 2003. The total number of shares changed to 1,518,800,000 shares and the registered capital of the Company remained at RMB151,880,000 after the share subdivision.

Pursuant to a resolution passed at a special general meeting and class meetings of the holders of the H shares and Promoter shares of the Company on 2 June 2004 and approvals from relevant government authorities, the Company was authorised to issue not less than 152,000,000 and not more than 304,000,000 new H Shares. On 14 July 2004, the Company issued 178,500,000 new H shares with a par value of RMB0.10 each, at a price of HKD0.80 per H share, by placing. The total number of shares increased from 1,518,800,000 shares to 1,697,300,000 shares with a par value of RMB0.10 each and the Company's registered capital changed to RMB169,730,000 after the issue.

Pursuant to a general mandate granted to the directors of the Company to issue and allot share, which was passed at a special general meeting on 17 May 2005, the Company issued 111,580,000 new H shares with a par value of RMB0.10 each, at a price of HKD0.70 per H share, by placing on 14 March 2006. The total number of shares increased from 1,697,300,000 shares to 1,808,880,000 shares with a par value of RMB0.10 each and the Company's registered capital changed to RMB180,888,000 after the issue.

I. Company status (continued)

Pursuant to a general mandate granted to the directors of the Company to issue and allot share, which was passed at a special general meeting on 28 May 2007, the Company issued 130,000,000 new H shares with a par value of RMB0.10 each, at a price of HKD1.18 per H share, by placing on 16 July 2007. The total number of shares increased from 1,808,880,000 shares to 1,938,880,000 shares with a par value of RMB0.10 each and the Company's registered capital changed to RMB193,888,000 after the issue.

Pursuant to a resolution passed at a special general meeting and class meetings of the holders of the H shares and Promoter shares of the Company on 25 October 2007 and approvals from relevant government authorities, an amount of RMB232,665,600 standing to the credit of capital reserves-share premium account was applied in paying up in full 960,096,000 H shares and 1,366,560,000 Domestic shares of RMB0.10 each which were allotted and distributed as fully paid to existing shareholders in the proportion of six capitalisation shares for every five existing shares then held on 19 November 2007. The total number of shares increased from 1,938,880,000 shares to 4,265,536,000 shares with a par value of RMB0.10 each and the Company's registered capital changed to RMB426,553,600 after the issue.

As approved by The Stock Exchange of Hong Kong Limited, the Company's listed H Shares in the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited was changed to list on the Main Board of The Stock Exchange of Hong Kong Limited on 19 January 2011.

Pursuant to a resolution passed at a special general meeting and class meetings of the holders of the H shares and Promoter shares of the Company on 28 July 2011 and approvals from relevant government authorities, the Company repurchased 175,656,000 shares of its own shares on The Stock Exchange of Hong Kong Limited at a cash consideration of HKD59,399,285 (equivalent to RMB48,715,890) from 20 February 2012 to 31 May 2012. The repurchased shares were cancelled and the share capital of the Company was reduced by the par value of the cancelled share. The total number of shares decreased from 4,265,536,000 shares to 4,089,880,000 shares with a par value of RMB0.10 each and the Company's registered capital changed to RMB408,988,000 after the share capital reduction.

Pursuant to a resolution passed at a special general meeting and the class meetings of the holders of the H shares and Promoter shares of the Company on 26 July 2012 and approvals from relevant government authorities, the Company consolidated every ten shares with a par value of RMB0.10 each into one consolidated share with a par value of RMB1.00 on 28 January 2013. The total number of shares changed from 4,089,880,000 shares with a par value of RMB 0.1 each to 408,988,000 shares with a par value of RMB1.00 each and the Company's registered capital remained at RMB408,988,000 after the share consolidation.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacture and sale of condensed juice, pulp, and essence, pomace and related products.

II. Significant accounting policies and accounting estimates

1 Basis of preparation

The financial statements have been prepared in accordance with the requirements of "Accounting Standards for Business Enterprises – Basic Standard" and 38 Specific Standards issued by the Ministry of Finance (MOF) of the People's Republic of China (PRC) on 15 February 2006, and application guidance, bulletins and other relevant accounting regulations issued subsequently (collectively referred to as "Accounting Standards for Business Enterprises" or "CAS").

The Company's interim financial statements were used to be prepared in accordance with International Financial Reporting Standards for information disclosure purposes on The Stock Exchange of Hong Kong Limited. According to the "Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong" published by The Stock Exchange of Hong Kong Limited in December 2010, for efficiency improvement and disclosure cost saving, the Company decided to prepare its financial statements using "Accounting Standards for Business Enterprises" and the related regulations issued by the PRC's Ministry of Finance ("PRC Accounting Standards") for information disclosure purposes on The Stock Exchange of Hong Kong Limited with effect from the financial year ended 31 December 2012.

The financial statements have been prepared on the basis of going concern.

2 Statement of compliance

The financial statements comply with the requirements of Accounting Standards for Business Enterprises and present truly and completely the consolidated financial position and financial position of the Company as at 30 June 2013, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the six month ended 30 June 2013.

3 Accounting period

The accounting year of the Group is from 1 January to 31 December.

4 Functional currency

The Company's functional currency is Renminbi and these financial statements are presented in Renminbi. The Company translates the financial statements of subsidiaries from their respective functional currencies into the Company's functional currency (see Note II.8) if the subsidiaries' functional currencies are not the same as that of the Company.

5 Accounting treatments for a business combination involving enterprises under and not under common control

(1) Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets and liabilities obtained are measured at the carrying amounts as recorded by the enterprise being combined at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination (or the total par value of shares issued) is adjusted to share premium (or capital premium) in the capital reserve. If the balance of share premium (or capital premium) is insufficient, any excess is adjusted to retained earnings. Any costs directly attributable to the combination are recognised in profit or loss for the current period when occurred. The combination date is the date on which one combining enterprise effectively obtains control of the other combining enterprises.

(2) Business combinations involving enterprises not under common control

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination. Where 1) the aggregate of the fair value at the acquisition date of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds 2) the acquirer's interest in the fair value at the acquisition date of the acquiree's identifiable net assets, the difference is recognised as goodwill (see Note II.17). Where 1) is less than 2), the difference is recognised in profit or loss for the current period. The costs of the issuance of equity or debt securities as a part of the consideration paid for the acquisition are included as a part of initial recognition amount of the equity or debt securities. Other acquisition-related costs arising from the business combination are recognised as expenses in the periods in which the costs are incurred. The difference between the fair value and the carrying amount of the assets transferred is recognised in profit or loss. The acquiree's identifiable assets, liabilities and contingent liabilities, if satisfying the recognition criteria, are recognised by the Group at their fair value at the acquisition date. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

6 Consolidated financial statements

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated. In the preparation of the consolidated financial statements, the subsidiary's assets and liabilities based on their carrying amounts are included in the consolidated balance sheet, and financial performance is included in the consolidated income statement, respectively, from the date that the ultimate parent company of the Company obtains the control of the subsidiary to be consolidated.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, base on the fair value of those identifiable assets and liabilities at the acquisition date.

For a business combination involving enterprises not under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its fair value at the acquisition date. The difference between the fair value and the carrying amount is recognised as investment income for the current period; the amount recognised in other comprehensive income relating to the previously-held equity interest in the acquiree is reclassified as investment income for the current period.

Where the Company acquires a minority interest from a subsidiary's minority shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the amount by which the minority interests are adjusted and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet. If the credit balance of capital reserve (share premium) is insufficient, any excess is adjusted to retained earnings.

When the Group loses control of a subsidiary due to the disposal of a portion of an equity investment, the Group derecognises assets, liabilities, minority interests and other related items in shareholders' equity in relation to that subsidiary. The remaining equity investment is remeasured at its fair value at the date when control is lost. Any gains or losses therefore incurred are recognised as investment income for the current period when control is lost.

Minority interest is presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to minority shareholders is presented separately in the consolidated income statement below the net profit line item. Comprehensive income attributable to minority shareholders is presented separately in the consolidated income statement below the total comprehensive income line item.

6 Consolidated financial statements (continued)

When the amount of loss for the current period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess is allocated against the minority interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

8 Foreign currency transactions and translation of financial statements denominated in foreign currencies

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates on the dates of the transactions.

A spot exchange rate is an exchange rate quoted by the People's Bank of China.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences, except for those arising from the principal and interest of specific foreign currency borrowings for the purpose of acquisition, construction of qualifying assets (see Note II.15), are recognised in profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to Renminbi using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the resulting exchange differences are recognised in profit or loss, except for the differences arising from the translation of available-for-sale financial assets, which are recognised as other comprehensive income in capital reserve.

The assets and liabilities of foreign operation are translated to Renminbi at the spot exchange rate at the balance sheet date. The equity items, excluding "Retained earnings", are translated to Renminbi at the spot exchange rates at the transaction dates. The income and expenses of foreign operation are translated to Renminbi at the spot exchange rates at the transaction dates. The resulting translation differences are recognised in a separate component of shareholders' equity. Upon disposal of a foreign operation, the cumulative amount of the translation differences recognised in shareholders' equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs.

9 Financial instruments

Financial instruments include cash at bank and on hand, investments in debt and equity securities other than long-term equity investments (see Note II.12), receivables, payables, loans and borrowings, debentures payable and share capital.

(1) Recognition and measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

The Group classifies financial assets and liabilities into different categories at initial recognition based on the purpose of acquiring assets or assuming liabilities: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. Subsequent to initial recognition, financial assets and liabilities are measured as follows:

Financial assets and financial liabilities at fair value through profit or loss (including financial assets or financial liabilities held for trading)

A financial asset or financial liability is classified as at fair value through profit or loss if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is a derivative.

Subsequent to initial recognition, financial assets and financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

– Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method.

– Other financial liabilities

Financial liabilities other than the financial liabilities at fair value through profit or loss are classified as other financial liabilities.

9 Financial instruments (continued)

(1) Recognition and measurement of financial assets and financial liabilities (continued)

– Other financial liabilities (continued)

Other financial liabilities include the liabilities arising from financial guarantee contracts. Financial guarantees are contracts that require the Group (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the holder) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Where the Group issues a financial guarantee, subsequent to initial recognition, the guarantee is measured at the higher of the amount initially recognised less accumulated amortisation and the amount of a provision determined in accordance with the principles of contingencies (see Note II.19).

Except for the liabilities arising from financial guarantee contracts described above, subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method.

(2) Presentation of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

– the Group has a legal right to set off the recognised amounts and the legal right is currently enforceable

– the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(3) Determination of fair value

If there is an active market for a financial asset or financial liability, the quoted price in the active market is used to establish the fair value of the financial asset or financial liability.

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, option pricing models. The Group calibrates the valuation technique and tests it for validity periodically.

9 Financial instruments (continued)

(4) Derecognition of financial assets and financial liabilities

A financial asset is derecognised if the Group's contractual rights to the cash flows from the financial asset expire or if the Group transfers substantially all the risks and rewards of ownership of the financial asset to another party.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

– the carrying amount of the financial asset transferred

– the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in shareholders' equity.

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged, cancelled or expires.

(5) Impairment of financial assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised.

Objective evidence that a financial asset is impaired includes but is not limited to:

(a) significant financial difficulty of the issuer or obligor

(b) a breach of contract by the borrower, such as a default or delinquency in interest or principal payments

(c) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation

(d) the disappearance of an active market for that financial asset because of financial difficulties faced by the issuer

(e) significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of an investment in an equity instrument may not be recovered by the investor

(f) a significant decline in the fair value or a prolonged decline in the fair value of an investment in an equity instrument below its cost.

For the calculation method of impairment of receivables, refer to Note II.10. The impairment of other financial assets is measured as follows:

– Held-to-maturity investments

Held-to-maturity investments are assessed for impairment both on an individual basis and on a collective group basis.

9 Financial instruments (continued)

(5) Impairment of financial assets (continued)

– Held-to-maturity investments (continued)

Where impairment is assessed on an individual basis, an impairment loss in respect of a held-to-maturity investment is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate. All impairment losses are recognised in profit or loss.

The assessment is made collectively where held-to-maturity investments share similar credit risk characteristics (including those having not been individually assessed as impaired), based on their historical loss experiences, and adjusted by the observable factors reflecting present economic conditions.

If, after an impairment loss has been recognised on held-to-maturity investments, there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding what the amortised cost would have been had no impairment loss been recognised in prior years.

(6) Equity instrument

An equity instrument is a contract that proves the ownership interest of the assets after deducting all liabilities in the Company.

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity.

Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

10 Impairment of receivables

Receivables are assessed for impairment both on an individual basis and on a collective group basis.

Where impairment is assessed on an individual basis, an impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate. All impairment losses are recognised in profit or loss.

The assessment is made collectively where receivables share similar credit risk characteristics (including those having not been individually assessed as impaired), based on their historical loss experiences, and adjusted by the observable factors reflecting present economic conditions.

If, after an impairment loss has been recognised on receivables, there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding what the amortised cost would have been had no impairment loss been recognised in prior years.

11 Inventories

(1) Classification

Inventories include raw materials, work in progress, semi-finished goods and finished goods.

(2) Cost of inventories transferred out

Cost of inventories transferred out is calculated using the weighted average method.

(3) Basis for determining the net realisable value of inventories and provisioning methods for decline in value of inventories

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition. In addition to the purchasing cost of raw materials, work in progress and finished goods include direct labour costs and an appropriate allocation of production overheads. At the balance sheet date, inventories are carried at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realisable value of materials held for use in the production is measured based on the net realisable value of the finished goods in which they will be incorporated. The net realisable value of the quantity of inventory held to satisfy sales or service contracts is measured based on the contract price. If the quantities held by the Group are more than the quantities of inventories specified in sales contracts, the net realisable value of the excess portion of inventories is measured based on general selling prices.

Any excess of the cost over the net realisable value of each item of inventories is recognised as a provision for diminution in the value of inventories, and is recognised in profit or loss.

(4) Inventory system

The Group maintains a perpetual inventory system.

(5) Amortisation methods for consumables including low-value consumables and packaging materials

Consumables including low-value consumables and packaging materials are amortised in full when received for use. The amortisations are included in the cost of the related assets or recognised in profit or loss for the current period.

12 Long-term equity investments

(1) Investment cost

(a) Long-term equity investments acquired through a business combination

– The initial investment cost of a long-term equity investment obtained through a business combination involving enterprises under common control is the Company's share of the carrying amount of the subsidiary's equity at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to share premium in capital reserve. If the balance of the share premium is insufficient, any excess is adjusted to retained earnings.

– For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial investment cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree. For a long-term equity investment obtained through a business combination not involving enterprises under common control and achieved in stages, the initial cost comprises the carrying value of previously-held equity investment in the acquiree immediately before the acquisition date, and additional investment cost at the acquisition date.

(b) Long-term equity investments acquired other than through a business combination

A long-term equity investment acquired other than through a business combination is initially recognised at the actual consideration paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities, or at the value stipulated in the investment contract or agreement if an investment is contributed by shareholders.

(2) Subsequent measurement

(a) Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method for subsequent measurement. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income irrespective of whether these represent the net profit realised by the investee before or after the investment.

The investments in subsidiaries are stated in the balance sheet at cost less accumulated impairment losses.

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the policies described in Note II.6.

12 Long-term equity investments (continued)

(2) Subsequent measurement (continued)

(b) Investment in jointly controlled enterprises and associates

A jointly controlled enterprise is an enterprise which operates under joint control (see Note II.12(3)) in accordance with a contractual agreement between the Group and other parties.

An associate is an enterprise over which the Group has significant influence (see Note II.12(3)).

An investment in a jointly controlled enterprise or an associate is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale.

The Group makes the following accounting treatments when using the equity method:

– Where the initial investment cost of a long-term equity investment exceeds the Group’s interest in the fair value of the investee’s identifiable net assets at the date of acquisition, the investment is initially recognised at the initial investment cost. Where the initial investment cost is less than the Group’s interest in the fair value of the investee’s identifiable net assets at the date of acquisition, the investment is initially recognised at the investor’s share of the fair value of the investee’s identifiable net assets, and the difference is charged to profit or loss.

– After the acquisition of the investment, the Group recognises its share of the investee’s profit or loss after deducting the amortisation of the debit balance of the equity investment difference, which was recognised by the Group before the first-time adoption of Accounting Standards for Business Enterprise, as investment income or losses, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by that amount attributable to the Group.

  The Group recognises its share of the investee’s net profits or losses after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee’s identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates or jointly controlled enterprises are eliminated to the extent of the Group’s interest in the associates or jointly controlled enterprises. Unrealised losses resulting from transactions between the Group and its associates or jointly controlled enterprises are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

– The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group’s net investment in the associate or the jointly controlled enterprise is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. Where net profits are subsequently made by the associate or jointly controlled enterprise, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

12 Long-term equity investments (continued)

(2) Subsequent measurement (continued)

(b) Investment in jointly controlled enterprises and associates (continued)

The Group adjusts the carrying amount of the long-term equity investment for changes in owners' equity of the investee other than those arising from net profits or losses, and recognises the corresponding adjustment in shareholders' equity.

(c) Other long-term equity investments

Other long-term equity investments refer to investments where the Group does not have control, joint control or significant influence over the investees, and the investments are not quoted in an active market and their fair value cannot be reliably measured.

Other long-term equity investments are accounted for subsequently using the cost method. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income irrespective of whether these represent the net profit realised by the investee before or after the investment.

(3) Basis for determining the existence of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control over an investee's economic activities, and exists only when the strategic financial and operating decisions relating to the activities require the unanimous consent of the parties sharing the control. The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

– Whether no single investor is in a position to control the investee's operating activities unilaterally

– Whether strategic decisions relating to the investee's main operating activities require the unanimous consent of all investors

– If one investor is appointed, through contract or agreement by all investors, to manage the investee's daily activities, whether this investor must act within the financial and operating policies that have been agreed upon by all investors.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but does not have control or joint control over those policies. The following one or more factors are considered usually when assessing whether the Group can exercise significant influence over an investee:

– Whether the Group has representation on the board of directors or equivalent governing body of the investee

– Whether the Group participates in the policy-making processes of the investee

– Whether the Group has material transactions with the investee

– Whether the Group dispatches management personnel to the investee

– Whether the Group provides essential technical information to the investee.

12 Long-term equity investments (continued)

(4) Method of impairment testing and measurement

For the method of impairment testing and measurement on investment in subsidies, jointly controlled entities and associates, refer to Note II.18.

For other long-term equity investments, the carrying amount is tested for impairment at the balance sheet date. If there is objective evidence that the investment may be impaired, impairment is assessed on an individual basis. Impairment loss is measured at the amount by which the carrying amount of the investment exceeds the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset and recognised in profit or loss. Such impairment loss is not reversed.

Other long-term equity investments are stated at cost less accumulated impairment losses in the balance sheet.

13 Fixed assets

(1) Recognition of fixed assets

Fixed assets represent the tangible assets held by the Group for use in production of goods with useful lives over one accounting year.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note II.14.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

The subsequent costs including the cost of replacing part of an item of fixed assets are recognised in the carrying amount of the item if the criteria to recognise fixed assets are satisfied, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of fixed assets are recognised in profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

13 **Fixed assets (continued)**

(2) Depreciation of fixed assets

The cost of fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed asset is classified as held for sale.

The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Class	**Estimated useful life (years)**	**Residual value rate (%)**	**Annual depreciation rate (%)**
Plant and buildings	40 years	10%	2.25%
Machinery and equipment	20 years	10%	4.5%
Office and other equipment	5 years	10%	18%
Motor vehicles	5 years	10%	18%

Useful lives, estimated residual value and depreciation methods are reviewed at least at each year-end.

(3) For the method of impairment testing and measurement, refer to Note II.18.

(4) Recognition and measurement of fixed assets acquired under finance leases

For the recognition and measurement of fixed assets acquired under finance leases, refer to the accounting policy set out in Note II.25(3).

(5) Disposal of fixed assets

The carrying amount of a fixed asset is derecognised:

– when the fixed asset is on disposal;

– when no future economic benefit is expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item, and are recognised in profit or loss on the date of retirement or disposal.

14 **Construction in progress**

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs (see Note II.15), and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is included in construction in progress before it is transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress.

Construction in progress is stated in the balance sheet at cost less accumulated impairment losses (see Note II.18).

15 Borrowing costs

Borrowing costs incurred directly attributable to the acquisition and construction of a qualifying asset are capitalised as part of the cost of the asset.

Except for the above, other borrowing costs are recognised as financial expenses in the income statement when incurred.

During the capitalisation period, the amount of interest (including amortisation of any discount or premium on borrowing) to be capitalised in each accounting period is determined as follows:

– Where funds are borrowed specifically for the acquisition and construction of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.

– Where funds are borrowed generally and used for the acquisition and construction of a qualifying asset, the amount of interest to be capitalised on such borrowings is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditures on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognised amount of the borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognised as a financial expense in the period in which they are incurred.

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition, construction that are necessary to prepare the asset for its intended use are in progress, and ceases when the assets become ready for their intended use. Capitalisation of borrowing costs is suspended when the acquisition, construction activities are interrupted abnormally and the interruption lasts for more than three months.

16 Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note II.18). For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortised on the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale.

The respective amortisation periods for such intangible assets are as follows:

Item	**Amortisation period (years)**
Land use right	15-50 years

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At the balance sheet date, the Group does not have any intangible assets with indefinite useful life.

Expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase.

Expenditure on the research phase is recognised in profit or loss when incurred. Expenditure on the development phase is capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete the development. Capitalised development costs are stated in the balance sheet at cost less impairment losses (see Note II.18). Other development expenditure is recognised as an expense in the period in which it is incurred.

17 Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under the business combination not involving enterprises under common control.

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (see Note II.18). On disposal of an asset group or a set of asset groups, any attributable amount of purchased goodwill is written off and included in the calculation of the profit or loss on disposal.

18 Impairment of assets other than inventories, financial assets and other long-term equity investments

The carrying amounts of the following assets are reviewed at each balance sheet date based on the internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- intangible assets
- long-term equity investments in subsidiaries, associates and jointly controlled enterprises goodwill

If any indication exists that an asset may be impaired, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group or set of asset groups that is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The recoverable amount of an asset, asset group or set of asset groups is the higher of its fair value less costs to sell and its present value of expected future cash flows.

An asset group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. An asset group is composed of assets directly relating to cash-generation. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups. In identifying an asset group, the Group also considers how management monitors the Group's operations and how management makes decisions about continuing or disposing of the Group's assets.

An asset's fair value less costs to sell is the amount determined by the price of a sale agreement in an arm's length transaction, less the costs that are directly attributable to the disposal of the asset.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

If the result of the recoverable amount calculation indicates the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss and charged to profit or loss for the current period. A provision for impairment of the asset is recognised accordingly. For impairment losses related to an asset group or a set of asset groups, first reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, the carrying amount of an impaired asset will not be lower than the greatest amount of its individual fair value less costs to sell (if determinable), the present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

19 Provisions

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

20 Purchase of own shares

When the Company repurchases its own shares, those shares are treated as treasury stock. All expenditures relating to the repurchase are recorded in the cost of the treasury stock, with the transaction entering into the share register. Treasury stock is excluded from profit distributions and is stated as a deduction under shareholders' equity in the balance sheet.

When treasury stock is cancelled, the share capital should be reduced to the extent of the total par value of the treasury stock cancelled. Where the cost of the treasury stock cancelled exceeds the total par value, the excess is sequentially deducted from capital reserve (share premium), surplus reserve and retained earnings. If the cost of treasury stock cancelled is less than the total par value, the difference is recorded in the capital reserve (share premium).

21 Revenue recognition

Revenue is the gross inflow of economic benefit arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders. Revenue is recognised in profit or loss when it is probable that the economic benefits will flow to the Group, the revenue and costs can be measured reliably and the following respective conditions are met:

(1) Sale of goods

Revenue from sale of goods is recognised when all of the general conditions stated above and the following conditions are satisfied:

– The significant risks and rewards of ownership of goods have been transferred to the buyer

– The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable under the sales contract or agreement.

(2) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

22 Employee benefits

Employee benefits are all forms of consideration given and other relevant expenditures incurred in exchange for services rendered by employees. Except for termination benefits, employee benefits are recognised as a liability in the period in which the associated services are rendered by employees, with a corresponding increase in the cost of relevant assets or expenses in the current period.

(a) Social insurance

Pursuant to the relevant laws and regulations of the PRC, employees of the Group participate in the social insurance system established and managed by government organisations. The Group makes social insurance contributions, including contributions to basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance and maternity insurance, at the applicable benchmarks and rates stipulated by the government for the benefit of its employees. The social insurance contributions are recognised as part of the cost of assets or charged to profit or loss on an accrual basis. Except for the above contributions, the Group does not have any other obligations in this respect.

(b) Termination benefits

When the Group terminates the employment relationship with employees before the employment contracts expire, or provides compensation as an offer to encourage employees to accept voluntary redundancy, a provision for the termination benefits provided is recognised in profit or loss when both of the following conditions are satisfied:

– The Group has a formal plan for the termination of employment or has made an offer to employees for voluntary redundancy, which will be implemented shortly

– The Group is not allowed to withdraw from termination plan or redundancy offer unilaterally.

23 Government grants

Government grants are transfers of monetary assets or non-monetary assets from the government to the Group at no consideration except for any capital contribution from the government as an investor in the Group. Special funds such as investment grants allocated by the government, if clearly defined in official documents as part of "capital reserve" are dealt with as capital contributions, and not regarded as government grants.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount that is received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at its fair value.

23 Government grants (continued)

A government grant related to an asset is recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset. A grant that compensates the Group for expenses to be incurred in the subsequent periods is recognised initially as deferred income and recognised in profit or loss in the same periods in which the expenses are recognised. A grant that compensates the Group for expenses incurred is recognised in profit or loss immediately.

24 Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or tax loss). Deferred tax is not recognised for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, the amount of deferred tax recognised is measured based on the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates that are expected to be applied in the period when the asset is recovered or the liability is settled in accordance with tax laws.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of the deferred tax asset to be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all the following conditions are met:

– the taxable entity has a legally enforceable right to offset current tax liabilities and current tax assets

24 Income tax (continued)

– different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

25 Operating leases and finance leases

A lease is classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

(1) Operating lease charges

Rental payments under operating leases are recognised as part of the cost of another related asset or as expenses on a straight-line basis over the lease term.

(2) Assets leased out under operating leases

Fixed assets leased out under operating leases, except for investment properties, are depreciated in accordance with the Group's depreciation policies described in Note II.13(2). Impairment losses are recognised in accordance with the accounting policy described in Note II.18. Income derived from operating leases is recognised in the income statement using the straight-line method over the lease term. If initial direct costs incurred in respect of the assets leased out are material, the costs are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Otherwise, the costs are charged to profit or loss immediately.

(3) Assets acquired under finance leases

When the Group acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, each determined at the inception of the lease. At the commencement of the lease term, the minimum lease payments are recorded as long-term payables. The difference between the value of the leased assets and the minimum lease payments is recognised as unrecognised finance charges. Initial direct costs that are attributable to a finance lease incurred by the Group are added to the amounts recognised for the leased asset. Depreciation and impairment losses are accounted for in accordance with the accounting policies described in Notes II.13(2) and II.18, respectively.

If there is reasonable certainty that the Group will obtain ownership of a leased asset at the end of the lease term, the leased asset is depreciated over its estimated useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life.

Unrecognised finance charge under finance lease is amortised using an effective interest method over the lease term. The amortisation is accounted for in accordance with the principles of borrowing costs (see Note II.15).

25 Operating leases and finance leases (continued)

(3) Assets acquired under finance leases (continued)

At the balance sheet date, long-term payables arising from finance leases, net of the unrecognised finance charges, are presented as long-term payables or non-current liabilities due within one year, respectively, in the balance sheet.

(4) Assets leased out under finance leases

At the commencement of the lease term, the Group recognises the aggregate of the minimum lease receipts determined at the inception of a lease and the initial direct costs as finance lease receivable. The difference between the aggregate of the minimum lease receipts, the initial direct costs, and the aggregate of their present value is recognised as unearned finance income.

Unearned finance income is allocated to each accounting period during the lease term using the effective interest method. At the balance sheet date, finance lease receivables, net of unearned finance income, are presented as long-term receivables or non-current assets due within one year, respectively, in the balance sheet.

26 Profit distributions to shareholders

Dividends or profit distributions proposed in the profit appropriation plan, which will be authorised and declared after the balance sheet date, are not recognised as a liability at the balance sheet date but disclosed in the notes separately.

27 Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties of the Group. Related parties of the Group and the Company include, but are not limited to:

(a) the Company’s parent;

(b) the Company’s subsidiaries;

(c) enterprises that are controlled by the Company’s parent;

(d) investors that have joint control or exercise significant influence over the Group;

(e) enterprises or individuals if a party has control or joint control over both the enterprises or individuals and the Group;

(f) joint ventures of the Group, including subsidiaries of joint ventures;

(g) associates of the Group, including subsidiaries of associates;

(h) principal individual investors of the Group and close family members of such individuals;

27 Related parties (continued)

(i) key management personnel of the Group and close family members of such individuals;

(j) key management personnel of the Company's parent;

(k) close family members of key management personnel of the Company's parent; and

(l) other enterprises that are controlled or jointly controlled by principal individual investors, key management personnel of the Group, or close family members of such individuals.

28 Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that meets all of the following conditions:

– that may earn revenue and incur expenses in daily business activities;

– whose operating results are regularly reviewed by the Group's management to allocate its resources and assess its performance; and

– for which discrete financial information on financial position, operating results and cash flows of the Group is available.

Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics and the segment are similar in each of the following aspects:

– the nature of each product and service;

– the nature of production process;

– the type or class of customers for their products and services;

– the methods used to distribute the products or provide their services;

– the influence brought by law, administrative regulations on production of products and provision of services.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

29 Significant accounting estimates and judgments

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Notes II.17, II.22(b), IX.2 and IX.3 contain information about the assumptions and their risk factors relating to impairment of goodwill, termination benefits and fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Impairment of receivables

As described in Note II.10, receivables that are measured at amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flow of an individual debtor or the portfolio of debtors, and significant changes in the financial condition that have an adverse effect on the debtor. If there is objective evidence of a recovery in value of receivables which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed.

(b) Provision for diminution in value of inventories

As described in Note II.11, the net realisable value of inventories is under management's regular review, and as a result, provision for diminution in value of inventories is recognised for the excess of inventories' carrying amounts over their net realisable value. When making estimates of net realisable value, the Group takes into consideration the use of inventories held on hand and other information available to form the underlying assumptions, including the inventories' market prices and the Group's historical operating costs. The actual selling price, the costs of completion and the costs necessary to make the sale and relevant taxes may vary based on the changes in market conditions and product saleability, manufacturing technology and the actual use of the inventories, resulting in the changes in provision for diminution in value of inventories. The net profit or loss may then be affected in the period when the provision for diminution in value of inventories is adjusted.

(c) Impairment of assets other than inventories, financial assets and other long-term equity investments

As described in Note II.18, assets other than inventories, financial assets and other long-term equity investments are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is recognised.

29 Significant accounting estimates and judgments (continued)

(c) Impairment of assets other than inventories, financial assets and other long-term equity investments (continued)

The recoverable amount of an asset (or an asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. Since a market price of the asset (or the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing value in use, significant judgements are exercised over the asset's production, selling price, related operating expenses and discount rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the production, selling price and related operating expenses based on reasonable and supportable assumptions.

(d) Depreciation and amortisation of assets such as fixed assets and intangible assets

As described in Note II.13 and II.16, assets such as fixed assets and intangible assets are depreciated and amortised over their useful lives after taking into account residual value. The estimated useful lives of the assets are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives of the assets are determined based on historical experience of similar assets and the estimated technical changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

(e) Income tax

The Group is subject to income taxes in numerous jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

III Taxation

1 Main types of taxes and corresponding tax rates

Tax type	Tax basis	Tax rate
Value added tax ("VAT")	Output VAT is calculated on product sales and taxable services revenue, based on tax laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable.	17%, 13%
Business tax	Based on taxable revenue	5%
City maintenance and construction tax	Based on business tax and VAT paid	1%, 5%, 7%
Enterprise income tax ("EIT")	Based on taxable profits	15%, 25%

2 Tax preferential and approvals

The Company and other domestic subsidiaries are subject to income tax rate of 25% (2012: 25%) in 2013 except for the following subsidiaries and the overseas subsidiaries of the Company were taxed at the local applicable income tax rates.

The subsidiaries that are entitled to preferential tax treatments are as follows:

(i) According to the Western Development Program about taxation preferential policy issued by Ministry of Finance, State Administration of Taxation, General Administration of Customs (Cai Shui No.202[2001]), notice of the State Administration of Taxation on specific opinions for implementing taxation policies for the Great Development of the Western Regions (Guo Shui Fa No.47[2002]), notice of State Council on implementation of transitional enterprise income tax incentives (Guo Shui Fa No.39[2007]), the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, and notice of Ministry of Finance, State Administration of Taxation, General Administration of Customs on implementation of Western Development Program about taxation policy (Guo Shui Fa No.58[2011]), Baishui Andre Juice Co., Ltd. entitled a preferential tax rate of 15% until 31 December 2020.

(ii) According to the EIT Law, income derived from primary processing of agricultural produce is exempt from the PRC income tax. The production of juice concentrate of the Company and certain of its subsidiaries and production of bio-stuff of its subsidiaries are recognised as primary processing of agricultural produce under the EIT Law and therefore are exempt from the PRC income tax commenced from 1 January 2008. The business of the following companies is regarded as primary processing of agricultural produce for the six months ended 30 June 2013 as follows:

Name of company	Principal activities	Preferential policy
Yantai North Andre Juice Co., Ltd.	Manufacture and sale of juice	Exempt from income tax
Yantai Andre Juice Co., Ltd.	Manufacture and sale of juice	Exempt from income tax
Baishui Andre Juice Co., Ltd.	Manufacture and sale of juice	Exempt from income tax
Xuzhou Andre Juice Co., Ltd.	Manufacture and sale of juice	Exempt from income tax
Yantai Longkou Andre Juice Co., Ltd.	Manufacture and sale of juice	Exempt from income tax
Dalian Andre Juice Co., Ltd.	Manufacture and sale of juice	Exempt from income tax
Yongji Andre Juice Co., Ltd.	Manufacture and sale of juice	Exempt from income tax
Binzhou Andre Juice Co., Ltd.	Manufacture and sale of juice	Exempt from income tax
Baishui Andre Bio-feedstuff Co., Ltd.	Manufacture and sale of bio-feedstuff	Exempt from income tax
Longkou Andre Bio-feedstuff Co., Ltd.	Manufacture and sale of bio-feedstuff	Exempt from income tax
Xuzhou Andre Pomace Products Co., Ltd.	Manufacture and sale of pomace products	Exempt from income tax

IV. Business combinations and consolidated financial statements

1 Background of major subsidiaries

(1) Subsidiaries acquired through establishment or investment

Full name	Type	Place of registration	Business nature	Registered capital	Business scope	Period-end investment	Closing balance of other items that in substance from net investment in a subsidiary	Group shareholding (%)	Group voting rights (%)	Consolidated (Y/N)	Organisation code
Baishui Andre Juice Co., Ltd.	Limited Company (Sino-foreign joint venture)	Shaanxi, PRC	Manufacture and sale of juice	USD17,000,000	Manufacture of juice, fruit and vegetable beverage, and related products, and iron iron packaging; and sale of own products	USD17,000,000	–	100%	100%	Y	73266447-8
Yantai Longkou Andre Juice Co., Ltd.	Limited Company (Sino-foreign joint venture)	Shandong, PRC	Manufacture and sale of juice	USD12,110,000	Manufacture of juice and sale of own products	USD12,110,000	–	100%	100%	Y	73722971-5
Xuzhou Andre Juice Co., Ltd.	Limited Company (Sino-foreign joint venture)	Jiangsu, PRC	Manufacture and sale of juice	USD10,000,000	Manufacture of juice, fruit and vegetable beverage, and related products; sale of own products; and manufacture of iron barrel for juice outer packaging	USD10,000,000	–	100%	100%	Y	74313425-3
Andre Juice Co., Ltd.	Limited Company (Legal entity wholly-owned)	British Virgin Islands	Investment holding	USD50,000	Investment holding	USD50,000	–	100%	100%	Y	–
North Andre Juice (USA) Inc.	Limited Company (Legal entity wholly-owned)	The United States of America	Sale of juice	USD10,000	Sale of juice	USD10,000	–	100%	100%	Y	–

1 Background of major subsidiaries (continued)

(1) Subsidiaries acquired through establishment or investment (continued)

Full name	Type	Place of registration	Business nature	Registered capital	Business scope	Period-end investment	Closing balance of other items that in substance from net investment in a subsidiary	Group shareholding (%)	Group voting rights (%)	Consolidated (Y/N)	Organisation code
Dalian Andre Juice Co., Ltd.	Limited Company	Liaoning, PRC	Manufacture and sale of juice	RMB80,000,000	Manufacture and sale of all kinds of fruit and vegetable beverage; biological comprehensive utilization of apple essence, vegetable and pomace; and purchase of agricultural and sideline products (excluding grain); and manufacture of iron packaging; imports and exports of goods and technology	RMB80,000,000	–	100%	100%	Y	95994248-7
Binzhou Andre Juice Co., Ltd.	Limited Company (Sino-foreign joint venture)	Shandong, PRC	Manufacture and sale of juice	USD12,100,000	Manufacture of beverage, high natural apple essence, and iron packaging; biological comprehensive utilization of pomace, and other extended products; winter jujube storage; sale of own products	USD12,100,000	–	100%	100%	Y	75175733-8
Yantai Andre Juice Co., Ltd.	Limited Company (Sino-foreign joint venture)	Shandong, PRC	Manufacture and sale of fruit pulp	USD4,832,000	Manufacture and processing of all kinds of fruit pulp and related products, and sale of own products; wholesale and import and export of juice and pulp	USD4,832,000	–	100%	100%	Y	73066788-6

1 Background of major subsidiaries (continued)

(2) Subsidiaries acquired through business combinations not under common control

Full name	Type	Place of registration	Business nature	Registered capital	Business scope	Period-end investment	Closing balance of other items that in substance from net investment in a subsidiary	Group shareholding (%)	Group voting rights (%)	Consolidated (Y/N)	Organisation code
Xuzhou Andre Pomace Products Co., Ltd.	Limited Company (Sino-foreign joint venture)	Jiangsu, PRC	Manufacture and sale of pomace products	USD500,000	Manufacture and biological comprehensive utilization of pomace (that is organic intermediates products); and sale of own products	USD500,000	–	100%	100%	Y	75640282-7
Longkou Andre Bio-feedstuff Co., Ltd.	Limited Company (Sino-foreign joint venture)	Shandong, PRC	Manufacture and sale of bio-feedstuff	USD500,000	Manufacture of bio-feedstull and related packaging; and sale of own products	USD500,000	–	100%	100%	Y	75747924-4
Baishui Andre Bio-feedstuff Co., Ltd.	Limited Company (Sino-foreign joint venture)	Shaanxi, PRC	Manufacture and sale of bio-feedstuff	USD500,000	Manufacture of bio-feedstull and related packaging; and sale of own products	USD500,000	–	100%	100%	Y	76256747-6
Yongji Andre Juice Co., Ltd.	Limited Company (Sino-foreign joint venture)	Shanxi, PRC	Production and sale of juice	USD12,960,000	Manufacture and sale of fruit and vegetable juice and beverage, high natural apple essence, and biological comprehensive utilization of pomace	USD12,960,000	–	100%	100%	Y	79638415-X

V. Notes to the consolidated financial statements

1 Cash at bank and on hand

Item	30 June 2013 Original currency	30 June 2013 Exchange rate	30 June 2013 RMB/RMB equivalents	31 December 2012 Original currency	31 December 2012 Exchange rate	31 December 2012 RMB/RMB equivalents
Cash on hand:						
RMB	**439,814**	**1.0000**	**439,814**	280,612	1.0000	280,612
			439,814			280,612
Deposits with banks:						
RMB	**58,204,218**	**1.0000**	**58,204,218**	48,125,614	1.0000	48,125,614
USD	**619,444**	**6.1787**	**3,827,358**	926,730	6.2855	5,824,964
EUR	**77**	**8.5036**	**655**	77	8.3176	641
HKD	**71,643**	**0.7966**	**57,071**	23,226	0.8108	18,833
GBP	**44**	**9.4213**	**411**	44	10.1611	447
AUD	**14**	**5.7061**	**81**	46	6.5363	301
Deposits pledged with banks:						
USD	**1,500,010**	**6.1787**	**9,268,112**	4,500,010	6.2855	28,284,813
RMB	**18,435,000**	**1.0000**	**18,435,000**	–	–	–
			89,792,906			82,255,613
Total			**90,232,720**			82,536,225

As at 30 June 2013, cash at bank and on hand with restrictions placed on the Group's ownership amounted to RMB 27,703,112 (31 December 2012: RMB 28,284,813).

2 Financial assets held for trading

Item	30 June 2013	31 December 2012
Listed equity securities at fair value	**–**	2,028,000

3 Accounts receivable

(1) Accounts receivable by customer type are as follows:

Type	30 June 2013	31 December 2012
Related parties	**25,282,724**	3,840,098
Third parties	**69,462,457**	118,932,614
Sub-total	**94,745,181**	122,772,712
Less: Provision for bad and doubtful debts	**–**	–
Total	**94,745,181**	122,772,712

(2) The ageing analysis of accounts receivable is as follows:

Ageing	30 June 2013	31 December 2012
Within 1 year (inclusive)	**94,745,181**	122,772,712
Over 1year but within 2 years (inclusive)	**–**	–
Sub-total	**94,745,181**	122,772,712
Less: Provision for bad and doubtful debts	**–**	–
Total	**94,745,181**	122,772,712

The ageing is counted starting from the date when accounts receivable are recognised.

(3) Accounts receivable of the Group are individually significant, therefore the account receivables are assessed for impairment and bad debt provision is determined on an individual basis and, then, on a collective group basis. Management is of the view that no bad debt provision is necessary for the accounts receivable balances in regard of the sound credit record of the customers.

(4) During the six months ended 30 June 2013 and 30 June 2012, the Group had no individually significant reverse or recovery of bad debts provision which had been fully or substantially provided for in prior years.

(5) During the six months ended 30 June 2013 and 30 June 2012, the Group had not written off any significant accounts receivable.

3 **Accounts receivable (continued)**

(6) Accounts receivable due from shareholders holding 5% or more of the voting rights of the Company are as follows:

	30 June 2013		31 December 2012	
Debtor	**Amount**	**Provision for bad and doubtful debts**	Amount	Provision for bad and doubtful debts
Chengdu President Enterprises Food Co., Ltd.	**378,950**	**–**	237,694	–
Guangzhou President Enterprises Food Co., Ltd.	**879,670**	**–**	–	–
Mitsui & Co., Ltd.	**2,763,065**	**–**	482,877	–

4 **Prepayments**

(1) Prepayments by category:

Item	**30 June 2013**	31 December 2012
Prepayment to suppliers	**7,244,373**	4,198,821
Others	**55,538**	728,425
Sub-total	**7,299,911**	4,927,246
Less: Provision for impairment	**–**	350,417
Total	**7,299,911**	4,576,829

(2) The ageing analysis of prepayments is as follows:

	30 June 2013		31 December 2012	
Ageing	**Amount**	**Percentage (%)**	Amount	Percentage (%)
Within 1 year (inclusive)	**6,408,874**	**88%**	4,578,993	93%
Over 1 year but within 2 years (inclusive)	**891,037**	**12%**	348,253	7%
Sub-total	**7,299,911**	**100%**	4,927,246	100%
Less: Provision for impairment	**–**	**–**	350,417	7%
Total	**7,299,911**	**100%**	4,576,829	93%

The ageing is counted starting from the date when prepayments are recognised.

4 Prepayments (continued)

(3) As at 30 June 2013 and 31 December 2012, the Group did not have any prepayments due from shareholders who hold 5% or more of the voting rights of the Company.

5 Other receivables

(1) Other receivables by customer type:

Customer type	30 June 2013	31 December 2012
Related parties	–	55,179
Others	**5,778,186**	12,914,849
Sub-total	**5,778,186**	12,970,028
Less: Provision for bad and doubtful debts	**4,132,565**	4,132,565
Total	**1,645,621**	8,837,463

(2) As at 30 June 2013 and 31 December 2012, the Group did not have any other receivables which were denominated in foreign currency.

(3) The ageing analysis of other receivables is as follows:

Ageing	30 June 2013	31 December 2012
Within 1 year (inclusive)	**1,645,621**	5,284,968
Over 1 year but within 2 years (inclusive)	–	3,546,967
Over 2 years but within 3 years (inclusive)	–	5,528
Over 3 years	**4,132,565**	4,132,565
Sub-total	**5,778,186**	12,970,028
Less: Provision for bad and doubtful debts	**4,132,565**	4,132,565
Total	**1,645,621**	8,837,463

The ageing is counted starting from the date when other receivables are recognised.

The Group holds no collaterals for the provision of other receivables stated above.

5 Other receivables (continued)

(4) Other receivables by category:

		30 June 2013			
		Carrying amount		**Provision for bad and doubtful debts**	
			Percentage		**Percentage**
Category	Note	**Amount**	***(%)***	**Amount**	***(%)***
Individually significant and assessed individually for impairment	(5)	**4,132,565**	**100%**	**4,132,565**	**100%**

		31 December 2012			
		Carrying amount		Provision for bad and doubtful debts	
			Percentage		Percentage
Category	Note	Amount	*(%)*	Amount	*(%)*
Individually significant and assessed individually for impairment	(5)	4,132,565	100%	4,132,565	100%

(5) During the six months ended 30 June 2013 and 30 June 2012, the Group had no reversal or recovery of provision for bad and doubtful debts.

(6) As at 30 June 2013 and 31 December 2012, the Group did not have other receivables due from shareholder holding 5% or more of the voting rights of the Company.

6 Inventories

(1) Inventories by category:

	30 June 2013			31 December 2012		
Item	**Book value**	**Provision for diminution in value of inventories**	**Carrying amount**	Book value	Provision for diminution in value of inventories	Carrying amount
Raw materials	**26,015,249**	**–**	**26,015,249**	29,992,415	–	29,992,415
Finished goods	**617,286,801**	**–**	**617,286,801**	904,926,447	–	904,926,447
Total	**643,302,050**	**–**	**643,302,050**	934,918,862	–	934,918,862

6 Inventories (continued)

(2) An analysis of the movements of inventories for the period is as follows:

	Raw materials	Finished goods	Total
At 1 January 2013	29,992,415	904,926,447	934,918,862
Additions during the period	25,739,339	41,856,942	67,096,281
Reductions during the period	(29,716,505)	(329,496,588)	(358,713,093)
At 30 June 2013	26,015,249	617,286,801	643,302,050

7 Other current assets

Item	30 June 2013	31 December 2012
Input VAT recoverable	**72,565,690**	93,959,854

8 Long-term equity investments

(1) Long-term equity investments by category:

Item	30 June 2013	31 December 2012
Investments in a jointly controlled entity	**62,810,335**	58,276,941
Investments in an associate	**62,428,705**	62,598,574
Sub-total	**125,239,040**	120,875,515
Less: Provision for impairment	–	–
Total	**125,239,040**	120,875,515

(2) Movements of long-term equity investments for the period are as follows:

Investee	Investment cost	Book value of long-term equity investment At 1 January 2013	Increase/ (decrease)	At 30 June 2013	Shareholding percentage (%)	Voting rights percentage (%)	Cash dividend for the period
Equity method – jointly controlled entity							
Yantai Tongli Beverage Industries Co., Ltd.	50,000,000	58,276,941	4,533,394	62,810,335	50.00%	50.00%	–
Equity method – associate							
Yantai Andre Pectin Co., Ltd.	33,080,000	62,598,574	(169,869)	62,428,705	18.95%	18.95%	–
Total	83,080,000	120,875,515	4,363,525	125,239,040			–

8 Long-term equity investments (continued)

(2) Movements of long-term equity investments for the period are as follows: (continued)

The Group exercised its significant influence over Yantai Andre Pectin Co., Ltd. through its representation on the board of directors of Yantai Andre Pectin Co., Ltd. and therefore the Group's equity interest in Yantai Andre Pectin Co., Ltd. was accounted for as an associate of the Group.

(3) Details of the jointly controlled entity and the associate

Name of Investee	**Total assets at 30 June 2013**	**Carrying amount Total liabilities at 30 June 2013**	**Net assets at 30 June 2013**	**Total operating income for for six months ended 30 June 2013**	**Net profit/(loss) for six months ended 30 June 2013**
Jointly controlled entity					
Yantai Tongli Beverage Industries Co., Ltd.	**146,684,441**	**21,063,771**	**125,620,670**	**90,102,673**	**9,066,788**
Associate					
Yantai Andre Pectin Co., Ltd.	**646,299,362**	**316,814,532**	**329,484,830**	**108,472,581**	**(896,527)**

Name of Investee	Total assets at 31 December 2012	Carrying amount Total liabilities at 31 December 2012	Net assets at 31 December 2012	Total operating income for the six months ended 30 June 2012	Net profit for the six months ended 30 June 2012
Joint venture					
Yantai Tongli Beverage Industries Co., Ltd.	121,397,872	4,843,990	116,553,882	89,945,518	9,869,068
Associate					
Yantai Andre Pectin Co., Ltd.	794,424,889	464,043,529	330,381,360	102,932,537	7,200,264

9 Fixed assets

(1) Fixed assets

Item	Plant & Buildings	Machinery & equipment	Office & other equipment	Motor Vehicles	Total
Cost					
At 1 January 2013	463,979,747	785,639,866	20,022,753	12,080,966	1,281,723,332
Additions during the period	5,768,024	19,122,937	682,548	13,676	25,587,185
Transfer from construction in progress	5,826,967	1,006,388	–	–	6,833,355
Disposal during the period	(3,199,216)	(16,740,054)	(101,709)	(235,748)	(20,276,727)
At 30 June 2013	472,375,522	789,029,137	20,603,592	11,858,894	1,293,867,145
Accumulated depreciation					
At 1 January 2013	(106,805,858)	(413,819,266)	(15,835,747)	(9,216,785)	(545,677,656)
Charge for the period	(4,528,368)	(11,424,264)	(555,410)	(402,014)	(16,910,056)
Decrease for the period	628,879	9,192,408	80,859	195,814	10,097,960
At 30 June 2013	(110,705,347)	(416,051,122)	(16,310,298)	(9,422,985)	(552,489,752)
Carrying amounts					
At 30 June 2013	361,670,175	372,978,015	4,293,294	2,435,909	741,377,393
At 1 January 2013	357,173,889	371,820,600	4,187,006	2,864,181	736,045,676

As at 30 June 2013, fixed assets with restrictions placed on the Group's ownership were RMB 35,831,492 (31 December 2012: RMB 100,349,268).

(2) Temporarily idle fixed assets or fixed assets held for sale at the end of the period

No fixed assets were temporarily idled or held for sale as at 30 June 2013 and 31 December 2012.

(3) Fixed assets acquired under finance leases

No fixed assets were acquired under finance leases as at 30 June 2013 and 31 December 2012

(4) Fixed assets leased out under operating leases

No fixed assets were leased out under operating leases as at 30 June 2013 and 31 December 2012.

(5) Fixed assets with pending certificates of ownership

As at 30 June 2013, the Group was in the process of obtaining ownership certificates of certain plants and building with carrying amount of RMB4,700,275 (31 December 2012: nil).

10 Construction in progress

(1) Construction in progress

Project	30 June 2013 Book value	30 June 2013 Provision for impairment	30 June 2013 Carrying amount	31 December 2012 Book value	31 December 2012 Provision for impairment	31 December 2012 Carrying amount
Sewage treatment project	**1,665,829**	**–**	**1,665,829**	2,637,542	–	2,637,542
Fruit pulp workshop construction	**280,814**	**–**	**280,814**	–	–	–
Others	**377,894**	**–**	**377,894**	367,434	–	367,434
Total	**2,324,537**	**–**	**2,324,537**	3,004,976	–	3,004,976

As at 30 June 2013 and 31 December 2012, no interest was capitalized in construction in progress of the Group.

(2) Movements of major construction projects in progress during the period

Project	Budget	Balance at the beginning of the period	Additions during the period	Transfer to fixed assets	Other decreases	Balance at the end of the period	Percentage of actual cost to budget (%)	Project progress (%)	Sources of funds
Sewage treatment project	9,800,000	2,637,542	5,861,642	(6,833,355)	–	1,665,829	87%	87%	Internal funding
Fruit pulp workshop construction	600,000	–	280,814	–	–	280,814	47%	47%	Internal funding
Others	500,000	367,434	10,460	–	–	377,894	76%	76%	Internal funding
Total		3,004,976	6,152,916	(6,833,355)	–	2,324,537			

11 Intangible assets

Cost	Land use rights
At 1 January 2013	101,885,502
Charge for the period	2,889,945
Decrease for the period	–
At 30 June 2013	104,775,447
Accumulated amortization	
At 1 January 2013	(15,590,638)
Charge for the period	(1,121,903)
Decrease for the period	–
At 30 June 2013	(16,712,541)
Carrying amounts	
At 30 June 2013	88,062,906
At 1 January 2013	86,294,864

As at 30 June 2013 and 31 December 2012 all of the Group land use rights are held in the PRC on medium-term lease.

As at 30 June 2013 and 31 December 2012, no interest was capitalized in intangible assets of the Group.

As at 30 June 2013, the carrying amount of the intangible assets used by the Group as securities for bank loans amounted to RMB7,203,054 (31 December 2012: RMB12,723,668).

As at 30 June 2013, the Group was in the process of obtaining ownership certificates of certain land use rights with carrying amount of RMB2,889,945 (31 December 2012: nil).

12 Goodwill

Name of company	Balance at the beginning beginning of the period	Additions during the the period	Decrease during the the period	Balance at the end of the of the period	Provision impairment at the end of the period
Yantai Longkou Andre Juice Co., Ltd.	1,020,683	–	–	1,020,683	–
Yongji Andre Juice Co., Ltd.	4,566,293	–	–	4,566,293	–
Total	5,586,976	–	–	5,586,976	–

12 Goodwill (continued)

(1) The Group acquired the equity interest of Yantai Longkou Andre Juice Co., Ltd. at an aggregated cash consideration of RMB32,035,810 in 2003. The goodwill represents the excess of the cost of the acquisition over the Group's interests in the fair value of the identifiable assets and liabilities of Yantai Longkou Andre Juice Co., Ltd.

The Group acquired 50% equity interest of Yongji Andre Juice Co., Ltd. at an aggregated cash consideration of RMB56,201,585 in 2011. The goodwill represents the excess of the cost of the acquisition over the Group's interests in the fair value of the identifiable assets and liabilities of Yongji Andre Juice Co., Ltd.

(2) Impairment test for asset groups containing goodwill

The Group's asset groups which the goodwill recognised are Yantai Longkou Andre Juice Co., Ltd. and Yongji Andre Juice Co., Ltd.

The recoverable amounts of Yantai Longkou Andre Juice Co., Ltd. and Yongji Andre Juice Co., Ltd. are determined based on the present value of expected future cash flows. The present value of expected future cash flows was projected based on the next five-year financial forecast approved by management and a pre-tax discount rate of 4.9% (2012: 5.4%). The cash flows beyond the five-year forecast period were assumed to be stable. Based on the estimated recoverable amount, no impairment loss was recognised. The key assumptions used are subject to change. Management believes that any adverse change in the assumptions would cause the carrying amount to exceed its recoverable amount.

Key assumptions used in the present value of expected future cash flows of Yantai Longkou Andre Juice Co., Ltd. and Yongji Andre Juice Co., Ltd. included gross profit margin and sales quantity, which were determined by management based on past performance.

13 Deferred tax assets

(1) Recognised deferred tax assets

	30 June 2013		31 December2012	
	Deductible temporary differences	**Deferred tax assets**	Deductible temporary differences	Deferred tax assets
Item				
Provision for bad and doubtful debts	–	–	4,132,565	1,033,141
Others	–	–	99,280	24,820
Total	–	–	4,231,845	1,057,961

13 Deferred tax assets (continued)

(2) Details of unrecognised deferred tax assets

Item	30 June 2013	31 December 2012
Deductible tax losses	**83,599,785**	36,145,744

(3) Expiration of deductible tax losses for unrecognised deferred tax assets

Year	30 June 2013	31 December 2012
2013	**4,019,613**	4,019,613
2014	**11,390,356**	11,390,356
2015	**4,927,592**	4,927,592
2016	**13,798,356**	13,798,356
2017	**2,009,827**	2,009,827
2018	**47,454,041**	–
Total	**83,599,785**	36,145,744

14 Provisions for impairment

Item	Balance of the beginning of the period	Charge for the period	Decrease during the period	Balance at the end of the period
Prepayments	350,417	–	350,417	–

15 Restricted assets

The assets with restrictions placed on their ownership were as follows:

Item	Note	Balance at the beginning of the period	Additions during the period	Decrease during the period	Balance at the end of the period
Assets pledged as collateral					
– Cash at bank and on hand	V.1	28,284,813	–	(581,701)	27,703,112
– Fixed assets	V.9	100,349,268	–	(64,517,776)	35,831,492
– Intangible assets	V.11	12,723,668	–	(5,520,614)	7,203,054
Total		141,357,749	–	(70,620,091)	70,737,658

The above cash at bank and on hand are pledged for the pledged loans. The above fixed assets and intangible assets are pledged for the mortgage loans.

16 Short-term loans

			At 30 June 2013		
Item	**Annual interest rate**	**Currency**	**Principal**	**Exchange Rate**	**RMB**
Mortgage loans	**6.00%**	**RMB**	**20,000,000**	**1.0000**	**20,000,000**
Credit loans	**4.60%~6.00%**	**RMB**	**43,000,000**	**1.0000**	**43,000,000**
Credit loans	**COF+2.50%~COF+4.00%**	**USD**	**12,000,000**	**6.1787**	**74,144,400**
Guaranteed loans	**5.32%**	**RMB**	**50,000,000**	**1.0000**	**50,000,000**
Pledged loans	**Libor+2.66%/COF+2.50%**	**USD**	**7,000,000**	**6.1787**	**43,250,900**
Total					**230,395,300**

			At 31 December 2012		
Item	Annual interest rate	Currency	Principal	Exchange rate	RMB
Mortgage loans	6.00%~6.14%	RMB	90,000,000	1.0000	90,000,000
Credit loans	6.00%	RMB	20,000,000	1.0000	20,000,000
Credit loans	COF+2.5%/LIBOR+4.00%	USD	17,000,000	6.2855	106,853,500
Guaranteed loans	6.16%	RMB	30,000,000	1.0000	30,000,000
Pledged loans	LIBOR+2.5%~LIBOR+2.66%	USD	8,000,000	6.2855	50,284,000
Total					297,137,500

As at 30 June 2013 and 31 December 2012, the Group did not have any overdue short-term loans.

Details of assets related to pledged loans and mortgage loans are set out in Note V.15.

17 Accounts payable

As at 30 June 2013 and 31 December 2012, the Group did not have any accounts payable due to shareholders who hold 5% or more of the voting rights of the Company.

18 Advances from customers

As at 30 June 2013 and 31 December 2012, the Group did not have any advances from customers due to shareholders who hold 5% or more of the voting rights of the Company.

19 Employee benefits payable

Item	Balance at the beginning of the period	Accrued during the period	Paid during the period	Balance at the end of the period
	30 June 2013			
Salaries, bonuses, allowances	**3,146,466**	**10,100,433**	**(13,124,660)**	**122,239**
Staff welfare	**12,617,568**	**21,229**	**(17,283)**	**12,621,514**
Social insurance	**7,646,820**	**1,781,278**	**(270,331)**	**9,157,767**
Including: Medical insurance	**1,828,758**	**425,997**	**(64,650)**	**2,190,105**
Pension insurance	**4,833,146**	**1,125,850**	**(170,862)**	**5,788,134**
Unemployment insurance	**436,289**	**101,631**	**(15,424)**	**522,496**
Work-related injury insurance	**287,376**	**66,942**	**(10,159)**	**344,159**
Maternity insurance	**261,251**	**60,858**	**(9,236)**	**312,873**
Labour union fee and staff and workers' education fee	**–**	**4,271**	**–**	**4,271**
Total	**23,410,854**	**11,907,211**	**(13,412,274)**	**21,905,791**

20 Taxes payable

Item	30 June 2013	31 December 2012
Corporate income tax	**19,200,247**	20,461,344
Land use tax	**1,496,707**	3,348,011
Value added tax	**39,114,801**	2,654,443
Stamp duty	**952,747**	2,255,342
Property tax	**1,471,895**	1,131,612
City maintenance and construction tax	**–**	284,831
Education surcharges	**–**	202,464
Individual income tax	**17,261**	16,028
Others	**469,971**	201,950
Total	**62,723,629**	30,556,025

21 Dividends payable

The Group did not have individual or significant dividends payable denominated in the foreign currency as at 30 June 2013 and 31 December 2012.

22 Other payables

Other payables due to shareholders who hold 5% or more of the voting rights of the Company in the current reporting period are as follows:

Name	30 June 2013	31 December 2012
Shandong Andre Group Co., Ltd.	**1,296,349**	140,739,571

23 Non-current liabilities due within one year

(1) Non-current liabilities due within one year by category are as follows:

Item	**30 June 2013**	31 December 2012
Long-term loans due within one year	**38,616,875**	151,427,500

(2) Long-term loans due within one year

Item	**30 June 2013**				
	Annual interest rate	**Currency**	**Principal**	**Exchange rate**	***RMB***
Credit loans	**LIBOR+3.75%**	**USD**	**6,250,000**	**6.1787**	**38,616,875**
Total					**38,616,875**

Item	31 December 2012				
	Annual interest rate	Currency	Principal	Exchange rate	*RMB*
Credit loans	LIBOR+3.75%	USD	5,000,000	6.2855	31,427,500
Guaranteed loans	6.15%	RMB	120,000,000	1.0000	120,000,000
Total					151,427,500

The guaranteed loans were guaranteed by Shandong Andre Group Co., Ltd..

24 Long-term loans

Long-term loans by category

Item	**30 June 2013**				
	Annual interest rate	**Currency**	**Principal**	**Exchange rate**	***RMB***
Credit loans	–	–	–	–	–

Item	31 December 2012				
	Annual interest rate	Currency	Principal	Exchange rate	RMB
Credit loans	LIBOR+3.75%	USD	3,750,000	6.2855	23,570,625
Total					23,570,625

As at 30 June 2013 and 31 December 2012, the Group did not have long-term loans due to shareholders who hold 5% or more of the voting rights of the Company.

25 Long-term payables

Item	30 June 2013	31 December2012
Amount payables in relation to acquisition of fixed assets and intangible assets	**673,937**	655,420

As at 30 June 2013 and 31 December 2012, the Group did not have long-term payables due to shareholders who hold 5% or more of the voting rights of the Company.

26 Share capital

	Balance at the beginning of the period	Changes during the six months ended 30 June 2013 — Additions during the period	Changes during the six months ended 30 June 2013 — Reduction during the period	Balance at the end of the period
Number of shares	4,089,880,000	–	(3,680,892,000)	408,988,000
RMB	408,988,000	–	–	408,988,000

On 28 January 2013, the Company consolidated every ten shares with a par value of RMB0.10 each into one consolidated share with a par value of RMB1.00. The total number of shares decreased from 4,089,880,000 shares with a par value of RMB0.10 each to 408,988,000 shares with a par value of RMB1.00 each and the Company's registered capital remained of RMB408,988,000 after the share consolidation.

27 Capital reserve

Item	Balance at the beginning of the period	Additions during the period	Reductions during the period	Balance at the end of the period
Share premiums	112,385,840	–	–	112,385,840
Foreign currency translation	9,926	–	–	9,926
Total	112,395,766	–	–	112,395,766

28 Surplus reserve

Item	Balance at the beginning of the period	Additions during the period	Balance at the end of the period
Statutory surplus reserve	107,575,994	–	107,575,994
General reserve fund	29,721,231	–	29,721,231
Enterprise expansion fund	29,721,231	–	29,721,231
Total	167,018,456	–	167,018,456

29 Retained earnings

Item	Note	Amount
At 1 January 2013		740,153,333
Add: net profits for the year attributable to equity shareholders of the Company		19,985,463
Less: Distributions to shareholders	(i)	(20,449,400)
At 30 June 2013		739,689,396

(i) Dividend payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period:

	For the six months ended 30 June	
	2013	2012
Final dividend in respect of the previous financial year, approved during the interim period, of RMB0.05 per share (2012: RMB0.05 per share)	**20,449,400**	20,449,400
Final dividend in respect of the previous financial year, paid during the interim period	**1,545,319**	–

Pursuant to the resolution passed at the annual general meeting on 26 June 2013, a dividend payable to equity shareholders of the Company of RMB0.05 per share totaling RMB20,449,400 for 2012 was approved. The dividend per share for the six months ended 30 June 2012 was adjusted retrospectively to reflect the effect of share consolidation on 28 January 2013.

30 Operating income and operating costs

	For the six months ended 30 June	
Item	**2013**	2012
Operating income from principal activities	**411,828,999**	705,872,792
Other operating income for principal activities	**2,135,020**	1,175,847
Operating cost from principal activities	**337,965,684**	566,024,060
Other operating cost for principal activities	**999,996**	1,063,454

Operating income from principal activities primarily represents income arising from the sales of condensed juice net of value added tax.

Other operating income primarily represents income arising from the sales of material like packaging materials.

31 Business taxes and surcharges

Item	For the six months ended 30 June 2013	2012
City maintenance and construction tax	**1,487,095**	2,106,414
Education surcharges	**1,160,436**	1,566,274
Price adjustment fund	**81,162**	397,589
Foundation for water works	**139,575**	272,089
Watercourse maintenance fee	**30,000**	30,000
Total	**2,898,268**	4,372,366

32 Financial expenses

Item	For the six months ended 30 June 2013	2012
Interest expenses for loans and payables	**10,799,089**	18,681,721
Interest income from deposits and receivables	**(149,924)**	(142,629)
Net exchange losses/(gain)	**930,160**	(1,746,327)
Other financial expenses	**246,223**	1,772,243
Total	**11,825,548**	18,565,008

33 Gains from change in fair value

Item	For the six months ended 30 June 2013	2012
Financial assets held for trading – gains from change in fair value for the period	–	1,055,322

34 Investment income

(1) Investment income by items

Item	Note	For the six months ended 30 June 2013	2012
Income from long-term equity investments accounted for under the equity method	(2)	**4,363,525**	6,298,794
Gains from disposal of long-term equity investment in a subsidiary		–	583,501
Gains from disposal of financial assets held for trading		**174,337**	175,471
Total		**4,537,862**	7,057,766

34 Investment income (continued)

(2) For long-term equity investments accounted for under the equity method, the amount of investment income from an investee accounts for more than 5% of total profits or included in the top five investment income when the amount accounted for less than 5% of total profits, are as follows:

	For the six months ended 30 June	
Name of investee	**2013**	2012
Yantai Tongli Beverage Industries Co., Ltd.	**4,533,394**	4,934,534
Yantai Andre Pectin Co., Ltd.	**(169,869)**	1,364,260
Total	**4,363,525**	6,298,794

35 Non-operating income

(1) Non-operating income by item

		For the six months ended 30 June	
Item	Note	**2013**	2012
Government grants	(2)	**1,469,500**	1,883,500
Others		**131,021**	64,932
Total		**1,600,521**	1,948,432

(2) Details of government grants

	For the six months ended 30 June	
Item	**2013**	2012
Science and technology project subsidies	**1,336,500**	777,500
Agriculture grants	**45,000**	–
Subsidies for agricultural loan interest	–	990,000
Environment protection award	**10,000**	100,000
Others	**78,000**	16,000
Total	**1,469,500**	1,883,500

36 Non-operating expenses

	For the six months ended 30 June	
Item	**2013**	2012
Penalty expenses	**1,773**	–
Donations provided	**10,000**	60,000
Others	–	8,450
Total	**11,773**	68,450

37 Income tax expenses

Item	Note	For the six months ended 30 June 2013	2012
Current tax expenses for the period based on tax law and regulations		**(1,028,509)**	(10,600)
Changes in deferred tax assets	(1)	**1,057,961**	1,270,760
Total		**29,452**	1,260,160

(1) The analysis of changes in deferred tax assets is set out below:

Item	For the six months ended 30 June 2013	2012
Origination and reversal of temporary differences	**1,057,961**	1,270,760

(2) Reconciliation between income tax expense and accounting profit is as follows:

Item	For the six months ended 30 June 2013	2012
Profit before taxation	**20,014,915**	67,328,017
Expected PRC income tax expense at a tax rate of 25%	**5,003,729**	16,832,004
Add: Tax effect of exemption and relief granted	**(16,883,025)**	(17,938,345)
Tax effect of the difference in tax rates among the Company and the subsidiaries	**(346,049)**	(110,748)
Tax effect of tax loss of tax-exempted business	**212,242**	469,461
Tax effect of unused tax losses not recognised	**11,862,899**	1,808,864
Others	**179,656**	198,924
Income tax expense	**29,452**	1,260,160

38 Basic earnings per share and diluted earnings per share

(1) Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares outstanding:

	For the six months ended 30 June 2013	2012
Consolidated net profit attributable to ordinary shareholders of the Company	**19,985,463**	66,067,857
Weighted average number of ordinary shares outstanding	**408,988,000**	420,311,557
Basic earnings per share (RMB per share)	**0.049**	0.157

38 Basic earnings per share and diluted earnings per share (continued)

(1) Basic earnings per share (continued)

On 28 January 2013, the Company consolidated every ten shares with a par value of RMB0.10 each into one consolidated share with a par value of RMB1.00.

The Group had no dilutive potential ordinary shares during the six months ended 30 June 2013 and 30 June 2012.

(2) Weighted average number of ordinary shares is calculated as follows:

	30 June 2013	31 December 2012 (Recalculated)
Issued ordinary shares at 1 January	**4,089,880,000**	4,265,536,000
Effect of repurchase of own shares	**–**	(62,420,430)
Effect of share consolidation	**(3,680,892,000)**	(3,782,804,013)
Weighted average number of ordinary shares at 30 June	**408,988,000**	420,311,557

The weighted average number of ordinary shares for the six months ended 30 June 2013 and 30 June 2012 was adjusted retrospectively to reflect the effect of share consolidation on 28 January 2013.

39 Notes to cash flow statement

(1) Supplement to cash flow statement

a. Reconciliation of net profit to cash flows from operating activities:

	For the six months ended 30 June	
Item	**2013**	2012
Net profit	**19,985,463**	66,067,857
Add: Depreciation of fixed assets	**16,910,056**	9,477,309
Amortisation of intangible asset	**1,121,903**	1,044,120
Gains on changes in fair value	**–**	(1,055,322)
Financial expenses	**11,358,239**	18,185,732
Gains arising from investments	**(4,537,862)**	(7,057,766)
Decrease in deferred tax assets	**1,057,961**	1,172,120
Decrease in gross inventories	**291,616,812**	488,577,591
Decrease/(Increase) in operating receivables	**18,807,723**	(128,943,039)
Increase in operating payables	**23,267,703**	59,972,253
Gains on disposal of fixed assets	**(61,506)**	–
Net cash flow from operating activities	**379,526,492**	507,440,855

39 Notes to cash flow statement (continued)

(1) Supplement to cash flow statement (continued)

b. Change in cash and cash equivalents:

Item	30 June 2013	30 June 2012
Cash at the end of the period	**62,529,608**	398,335,682
Less: Cash at the beginning of the period	**54,251,412**	96,463,613
Net decrease in cash and cash equivalents	**8,278,196**	301,872,069

(2) Details of cash and cash equivalents

Item	30 June 2013	30 June 2012
Cash at bank and on hand	**439,814**	1,101,297
Including: Cash on hand		
Bank deposits available on demand	**62,089,794**	397,234,385
Closing balance of cash and cash equivalents	**62,529,608**	398,335,682

Note: Cash and cash equivalents disclosed above do not include the amount of cash with restricted usage and amount of investments with short maturity period.

VI Related parties and related party transactions

1 Information on subsidiaries of the Company

Details of the subsidiaries of the Company are set out in Note IV.1.

2 Information on jointly controlled entity and associate of the Company

Name of investee	Entity type	Place of registration	Legal representative	Business nature	Registered capital	Group shareholding (%)	Group voting rights (%)	Related party relationship	Organisation code
Jointly controlled entity									
Yantai Tongli Beverage Industries Co., Ltd.	Limited company (Sino-foreign joint venture)	Shandong, PRC	Wang An	Manufacture and sale of beverage	USD 14,641,200	50%	50%	Jointly controlled entity	68828785-4
Associate									
Yantai Andre Pectin Co., Ltd.	Incorporated company (Sino-foreign joint venture)	Shandong, PRC	Wang An	Manufacture and sale of pectin	RMB 175,000,000	18.95%	18.95%	Associate	75353113-X

3 Information on other related party

Name of other related parties	Related party relationship	Organisation code
Shandong Andre Group Co., Ltd.	An entity which has significant influence over the Group (i)	74657125-6
President Enterprises (China) Investment Co., Ltd.	An entity which holds more than 5% shares of the Group	71092004-7
Chengdu President Enterprises Food Co., Ltd.	An entity which holds more than 5% shares of the Group	62170270-X
Guangzhou President Enterprises Co., Ltd.	An entity which holds more than 5% shares of the Group	61842730-5
Mitsui & Co., Ltd.	An entity which holds more than 5% shares of the Group	–
China Pingan Investment Holdings Limited	An entity which holds more than 5% shares of the Group	–
Donghua Fruit Industry Co., Ltd.	An entity which holds more than 5% shares of the Group	–
Atlantis Capital Holdings Limited	An entity which holds more than 5% shares of the Group	–
Yantai Andre Yangma Resort Co., Ltd.	A subsidiary of Shandong Andre Group Co., Ltd.	75828617-X
Yantai Andre Real Estate Development Co., Ltd	A subsidiary of Shandong Andre Group Co., Ltd.	61343192-X
Yantai Kunlong Hot Spring Co., Ltd.	A subsidiary of Shandong Andre Group Co., Ltd.	76776702-0
Anyue Andre Limon Technology Co., Ltd.	A subsidiary of an associate (ii)	56971595-9

(i) Shandong Andre Group Co., Ltd. exercised their significant influence over the Company through their representation on the board of directors of the Company.

(ii) As at 8 April 2013, Yantai Andre Pectin Co., Ltd. transferred 100% equity interest of Anyue Andre Limon Technology Co., Ltd. to other third party. After the completion of the transfer, Anyue Andre Limon Technology Co., Ltd. is no longer a related party of the Group.

4 Transactions with related parties

(1) Related party transactions

		For the six months period ended 30 June			
		The Group		The Company	
	Note	**2013**	2012	**2013**	2012
Sales of goods		**102,003,151**	84,925,598	**11,622,193**	20,063,070
Purchases of goods		**52,703**	18,977	**52,703**	18,977
Disposal of fixed assets	(i)	**675,190**	–	**–**	–
Operating lease charges	(ii)	**124,468**	207,447	**124,468**	207,447
Interest charges	(iii)	**1,296,349**	–	**1,296,349**	–

(i) Disposal of fixed assets represents the sales of machineries and equipment by Dalian Andre Juice Co., Ltd. to Yantai Andre Pectin Co., Ltd.

(ii) Operating lease charges represent the rental paid by the Company to Yantai Andre Pectin Co., Ltd. for leasing it's office buildings.

(iii) Interest charges represent interest charges on the loans obtained from Shandong Andre Group Co., Ltd., which was repaid on 27 June 2013.

4 Transactions with related parties (continued)

(2) Key management personnel remuneration

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Group's directors.

Remuneration for key management personnel of the Group is as follows:

	For the six months ended 30 June	
	2013	2012
Salaries, allowances and other benefits	**930,968**	972,738
Contributions to defined retirement plans	**33,624**	39,444
Total	**964,592**	1,012,182

5 Receivables from and payables to related parties

	The Group		The Company	
	30 June 2013	31 December 2012	**30 June 2013**	31 December 2012
Accounts receivable	**25,282,724**	3,840,098	**3,402,765**	253,546
Other receivables	–	55,179	–	55,179
Accounts payable	**34,737**	34,827	–	–
Other payables	**1,628,264**	141,009,131	**1,628,264**	140,946,621
Balance of the guarantee provided	–	4,000,000	–	232,696,981
Balance of the guarantee received	**50,000,000**	311,427,500	**50,000,000**	311,427,500

VII Contingencies

1 Contingent liabilities arising from outstanding litigations and arbitration and related financial effect

As at 30 June 2013 and 31 December 2012, the Group did not have contingent liabilities arising from outstanding litigations and arbitration.

VIII Commitments

1 Significant commitments

(1) Capital commitments

	30 June 2013	31 December 2012
Contracts for acquisition of fixed assets being or to be executed	**14,965,049**	524,120

(2) Operating lease commitments

As at 30 June 2013 and 31 December 2012, the Group and the Company had no non-cancellable operating leases.

IX Other significant items

1 Segment reporting

The Group is principally operating in a single reportable segment, which is engaged in manufacture and sales of fruit juice concentrate and related products, therefore the Group has not disclose any further information with respect to reportable segment.

The geographical location of the Group's operating income from external customers is set out as follows:

	For the six months ended 30 June	
	2013	2012
China	**144,328,100**	172,253,645
North America	**93,014,433**	213,136,226
Asia	**124,320,894**	144,275,080
Europe	**21,207,664**	84,056,155
Oceania	**18,308,669**	52,511,139
Africa	**12,784,259**	40,816,394
Total	**413,964,019**	707,048,639

IX Other significant items (continued)

2 Risk analysis, sensitivity analysis, and fair value for financial instruments

The Group has exposure to the following risks from its use of financial instruments in the normal course of the Group's operations, which mainly include:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk

This note mainly presents information about the Group's exposure to each of the above risks and their sources, the Group's objectives, policies and processes for measuring and managing risks.

The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The internal audit department of the Group undertakes both regular and ad-hoc reviews of risk management controls and procedures.

(1) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to cash at bank, receivables, debt investments and derivative financial instruments entered into for hedging purposes and other financial assets. Exposure to these credit risks are monitored by management on an ongoing basis.

The cash at bank of the Group is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

In respect of receivables, the risk management committee of the Group has established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. These evaluations focus on the customers' financial position, the external ratings of the customers and their bank credit records where available. Receivables are due within 180 days from the date of billing. Debtors with balances are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

In monitoring the Group's credit risk, customer data are analysed by the Group according to some factors, such as ageing and maturity date.

IX Other significant items (continued)

2 Risk analysis, sensitivity analysis, and fair value for financial instruments (continued)

(1) Credit risk (continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry, country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers. As at 30 June 2013, 54% (31 December 2012: 53%) of the total accounts receivable and other receivables were due from the five largest customers of the Group. In addition, the debtors of the Group that are neither past due nor impaired mainly relate to a wide range of customers for whom there was no recent history of default.

Investments are normally only in liquid securities quoted on a recognised stock exchange, except where entered into for long-term strategic purposes, and counterparties have equivalent or higher credit ratings than the Group. Transactions involving derivative financial instruments are made with counterparties of sound credit standing and with whom the Group has a signed netting agreement. Given their high credit standing, management does not expect any investment counterparty to fail to meet its obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet. Except for the financial guarantees given by the Group as set out in Note VI.5, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in Note VI.5.

(2) Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations associated with financial liabilities. The Company and its individual subsidiaries are responsible for their own cash management, including short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the balance sheet date of the Group's financial assets and financial liabilities, which are based on contractual cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at 30 June) and the earliest date the Group can be required to pay:

IX Other significant items (continued)

2 Risk analysis, sensitivity analysis, and fair value for financial instruments (continued)

(2) Liquidity risk (continued)

	At 30 June 2013					
	Contractual undiscounted cash flow					
Item	**Within 1 year or on demand**	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount at balance sheet date**
Financial assets						
Cash at bank and on hand	**90,232,720**	–	–	–	**90,232,720**	**90,232,720**
Accounts receivable and other receivables	**96,390,802**	–	–	–	**96,390,802**	**96,390,802**
Sub-total	**186,623,522**	–	–	–	**186,623,522**	**186,623,522**
Financial liabilities						
Short-term loans	**233,425,037**	–	–	–	**233,425,037**	**230,395,300**
Accounts payable and other payables	**60,297,797**	–	–	–	**60,297,797**	**60,297,797**
Non-current liabilities due within one year	**39,492,015**	–	–	–	**39,492,015**	**38,616,875**
Long-term payables	**673,937**	–	–	–	**673,937**	**673,937**
Sub-total	**333,888,786**	–	–	–	**333,888,786**	**329,983,909**
Net amount	**(147,265,264)**	–	–	–	**(147,265,264)**	**(143,360,387)**

	At 31 December 2012					
	Contractual undiscounted cash flow					
Item	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at balance sheet date
Financial assets						
Cash at bank and on hand	82,536,225	–	–	–	82,536,225	82,536,225
financial assets held for trading	2,028,000				2,028,000	2,028,000
Accounts receivable and other receivables	131,610,175	–	–	–	131,610,175	131,610,175
Sub-total	216,174,400	–	–	–	216,174,400	216,174,400
Financial liabilities						
Short-term loans	304,698,169	–	–	–	304,698,169	297,137,500
Accounts payable and other payables	239,195,425	–	–	–	239,195,425	239,195,425
Non-current liabilities due within one year	155,264,047	–	–	–	155,264,047	151,427,500
Long-term loans	954,785	24,962,256	–	–	25,917,041	23,570,625
Long-term payables	655,420	–	–	–	655,420	655,420
Sub-total	700,767,846	24,962,256	–	–	725,730,102	711,986,470
Net amount	(484,593,446)	(24,962,256)	–	–	(509,555,702)	(495,812,070)

IX Other significant items (continued)

2 Risk analysis, sensitivity analysis, and fair value for financial instruments (continued)

(3) Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The Group does not enter into financial derivatives to hedge interest rate risk.

(a) The Group held the following interest-bearing financial instruments:

Fixed rate instruments:

	At 30 June 2013		At 31 December 2012	
Item	**Annual interest rate**	**Amount**	Annual interest rate	Amount
Financial liabilities				
– Short-term loans	**4.60%-6.00%**	**(43,000,000)**	6.00%-6.65%	(140,000,000)
– Non-current liabilities due within one year	–	–	6.15%	(120,000,000)
– Other payables	–	–	4.60%-5.70%	(140,739,571)
Total		**(43,000,000)**		(400,739,571)

Variable rate instruments:

	30 June 2013		31 December 2012	
Item	**Annual interest rate**	**Amount**	Annual interest rate	Amount
Financial assets				
– Cash at bank	**0.01%-0.35%**	**89,792,906**	0.01%-0.35%	82,255,613
Financial liabilities				
– Short-term loans	**COF+2.5%-4.00%/ LIBOR+2.66%/ 5.32%-6.00%**	**(187,395,300)**	COF+2.50%-2.66%/ LIBOR+ 3.25%-3.75%	(157,137,500)
– Non-current liabilities due within one year	**LIBOR+3.75%**	**(38,616,875)**	LIBOR+3.75%	(31,427,500)
– Long-term loans	–	–	LIBOR+3.20%/ LIBOR+3.75%	(23,570,625)
Total		**(136,219,269)**		(129,880,012)

IX Other significant items (continued)

2 Risk analysis, sensitivity analysis, and fair value for financial instruments (continued)

(3) Interest rate risk (continued)

(b) Sensitivity analysis

As at 30 June 2013, it is estimated that a general increase/decrease of 50 basis points in bank borrowing interest rates for bank borrowing, with all other variables held constant, would have decreased/increased the Group's equity by approximately RMB847,546 (31 December 2012: RMB487,050), and decreased/increased the Group's net profit by approximately RMB847,546 (31 December 2012: RMB487,050).

The sensitivity analysis above indicates the instantaneous change in the net profit and equity that would arise assuming that the change in interest rates had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the balance sheet date. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on the net profit and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for the previous year.

(4) Foreign currency risk

In respect of accounts receivable and payables denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(a) As at 30 June 2013, the Group's exposure to currency risk arising from recognised assets or liabilities denominated in US Dollar ("USD") is presented in the following tables. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.

Item	**30 June 2013 USD**	31 December 2012 USD
Cash at bank and on hand	**13,095,470**	34,109,777
Accounts receivable	**53,636,995**	88,716,291
Accounts payable	**(2,420,166)**	(4,717,567)
Other payables	–	(1,546,824)
Short-term loans	**(117,395,300)**	(157,137,500)
Non-current liabilities due within one year	**(38,616,875)**	(31,427,500)
Long-term loans	–	(23,570,625)
Net balance sheet exposure	**(91,699,876)**	(95,573,948)

IX Other significant items (continued)

2 Risk analysis, sensitivity analysis, and fair value for financial instruments (continued)

(4) Foreign currency risk (continued)

(b) The following are the exchange rates for Renminbi against foreign currencies applied by the Group:

	Average rate		Reporting date mid-spot rate	
	2013	2012	**2013**	2012
USD	**6.2348**	6.3102	**6.1787**	6.2855

(c) Sensitivity analysis

Assuming all other risk variables remained constant, a 5% strengthening of the Renminbi against the USD at the balance sheet date would have increased (decreased) the Group's equity and net profit by the amount shown below, whose effect is in Renminbi and translated using the spot rate at the balance sheet date:

	Equity	Net profit
As at 30 June 2013	**3,438,745**	**3,438,745**
As at 31 December 2012	3,584,023	3,584,023

A 5% weakening of the Renminbi against the US dollar at the balance sheet date would have had the equal but opposite effect on them to the amounts shown above, on the basis that all other variables remained constant.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date. The analysis excludes differences that would result from the translation of the financial statements denominated in foreign currency. The analysis is performed on the same basis for the previous year.

(5) Other price risks

Other price risks include commodity price risk.

(6) Fair value

(a) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value as at 30 June 2013 and 31 December 2012. The Group and the Company's financial instruments measured at fair value are based on the quoted prices (unadjusted) in active markets for the same assets or liabilities.

Asset	Note	**30 June 2013**	31 December 2012
Financial asset held for trading	V.2	–	2,028,000

During the six months ended 30 June 2013, there were no changes in valuation technique of fair value.

IX Other significant items (continued)

3 Assets measured at fair value

Item	Balance at the beginning of the period	Addition	Disposal	Changes in fair value for the period	Balance at the the end of the period
Financial assets					
Listed equity securities at fair value	2,028,000	–	(2,028,000)	–	–
Wealth management products designated as at fair value through profit or loss	–	741,410,000	(741,410,000)	–	–
Total	2,028,000	741,410,000	(743,438,000)	–	–

X Notes to major items in the parent company's financial statements

1 Accounts receivable

(1) Accounts receivable by customer type:

Type	**30 June 2013**	31 December 2012
Subsidiaries	**18,075,618**	17,587,936
Related parties	**3,402,765**	253,546
Third parties	**65,005,328**	56,073,390
Sub-total	**86,483,711**	73,914,872
Less: Provision for bad and doubtful debts	**–**	–
Total	**86,483,711**	73,914,872

(2) The ageing analysis of accounts receivable is as follows:

Ageing	**30 June 2013**	31 December 2012
Within 1 year (inclusive)	**86,483,711**	73,914,872
Over 1 year but within 2 years (inclusive)	**–**	–
Sub-total	**86,483,711**	73,914,872
Less: Provision for bad and doubtful debts	**–**	–
Total	**86,483,711**	73,914,872

The ageing is counted starting from the date when accounts receivable are recognised.

1 Accounts receivable (continued)

(3) Accounts receivable due from shareholders holding 5% or more of the voting rights of the Company:

	30 June 2013		31 December 2012	
Debtor	**Amount**	**Provision for bad and doubtful debts**	Amount	Provision for bad and doubtful debts
Chengdu President Enterprises Food Co., Ltd.	**6,875**	**–**	–	–
Guangzhou President Enterprises Food Co., Ltd.	**13,750**	**–**	–	–
Mitsui & Co., Ltd.	**1,703,616**	**–**	–	–

2 Other receivables

(1) Other receivables by customer type:

Customer type	**30 June 2013**	31 December 2012
Subsidiaries	**253,194,215**	382,541,473
Others	**4,093,471**	3,437,707
Sub-total	**257,287,686**	385,979,180
Less: Provision for bad and doubtful debts	**3,987,685**	3,987,685
Total	**253,300,001**	381,991,495

(2) As at 30 June 2013 and 31 December 2012, the Company did not hold any other receivables which were denominated in foreign currency.

(3) The ageing analysis of other receivables is as follows:

Ageing	**30 June 2013**	31 December 2012
Within 1 year (inclusive)	**253,300,001**	381,988,966
Over 1 year but within 2 years (inclusive)	**–**	–
Over 2 years but within 3 years (inclusive)	**–**	2,529
Over 3 years	**3,987,685**	3,987,685
Sub-total	**257,287,686**	385,979,180
Less: Provision for bad and doubtful debts	**3,987,685**	3,987,685
Total	**253,300,001**	381,991,495

The ageing is counted starting from the date when other receivables are recognised.

The Company holds no collaterals for the provision of other receivables stated above.

2 **Other receivables (continued)**

(4) Other receivables by category:

		30 June 2013			
		Carrying amount		Provision for bad and doubtful debts	
Category	*Note*	**Amount**	**Percentage (%)**	**Amount**	**Percentage (%)**
Individually significant and assessed individually for impairment	*(5)*	**3,987,685**	**100%**	**3,987,685**	**100%**

		31 December 2012			
		Carrying amount		Provision for bad and doubtful debts	
Category	*Note*	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant and assessed individually for impairment	*(5)*	3,987,685	100%	3,987,685	100%

(5) During the six months ended 30 June 2013 and 30 June 2012, the Company had no reverse or recovery of bad debts provision.

(6) As at 30 June 2013 and 31 December 2012, the Company did not have other receivables due from shareholder holding 5% or more of the voting rights of the Company.

3 **Long-term equity investments**

(1) Long-term equity investments by category:

Item	**30 June 2013**	31 December 2012
Investments in subsidiaries	**521,235,647**	521,235,647
Investments in a jointly controlled entity	**28,880,234**	26,613,535
Investments in a associate	**62,428,705**	60,056,541
Sub-total	**612,544,586**	607,905,723
Less: Provision for impairment	**–**	–
Total	**612,544,586**	607,905,723

3 Long-term equity investments (continued)

(2) Movements of long-term equity investments for the six months ended 30 June 2013 are as follows:

Investee	Investment cost	Book value of long-term equity investment: Balance at the beginning of the period	Increase/ (decrease)	Balance at the end of the period	Shareholding percentage (%)	Voting rights percentage (%)	Cash dividend for the period
Cost method – subsidiaries							
Baishui Andre Juice Co., Ltd.	110,630,130	110,630,130	–	110,630,130	75.00%	75.00%	–
Yantai Longkou Andre Juice Co., Ltd.	80,622,696	80,622,696	–	80,622,696	75.00%	75.00%	–
Xuzhou Andre Juice Co., Ltd.	58,645,418	58,645,418	–	58,645,418	75.00%	75.00%	–
Andre Juice Co., Ltd.	8	8	–	8	100.00%	100.00%	–
Dalian Andre Juice Co., Ltd.	56,000,000	56,000,000	–	56,000,000	70.00%	70.00%	–
Binzhou Andre Juice Co., Ltd.	107,893,488	107,893,488	–	107,893,488	75.00%	75.00%	–
Yantai Andre Juice Co., Ltd.	30,000,000	30,000,000	–	30,000,000	75.00%	75.00%	–
Yongji Andre Juice Co., Ltd.	77,443,907	77,443,907	–	77,443,907	75.00%	75.00%	–
Subtotal	521,235,647	521,235,647	–	521,235,647			–
Equity method – jointly controlled entity							
Yantai Tongli Beverage Industries Co., Ltd.	25,000,026	26,613,541	2,266,693	28,880,234	25.00%	25.00%	–
Equity method – associate							
Yantai Andre Pectin Co., Ltd.	33,080,000	60,056,535	2,372,170	62,428,705	18.95%	18.95%	–
Subtotal	58,080,026	86,670,076	4,638,863	91,308,939			–
Total	579,315,673	607,905,723	4,638,863	612,544,586			–

Details of the Company's subsidiaries are set out in Note IV.

The Company exercised its significant influence over Yantai Andre Pectin Co., Ltd. through its representation on the board of directors of Yantai Andre Pectin Co., Ltd. and therefore the equity interest in Yantai Andre Pectin Co., Ltd. was accounted for as an associate of the Company.

(3) Details of the jointly controlled entity and associate

Name of Investee	Carrying amount: Total assets at 30 June 2013	Total liabilities at 30 June 2013	Net assets at 30 June 2013	Total operating income for for the six months ended 30 June 2013	Net profit/(loss) for the six months ended 30 June 2013
Jointly controlled entity					
Yantai Tongli Beverage Industries Co., Ltd.	**146,684,441**	**21,063,771**	**125,620,670**	**90,102,673**	**9,066,788**
Associate					
Yantai Andre Pectin Co., Ltd.	**646,299,362**	**316,814,532**	**329,484,830**	**108,472,581**	**(896,527)**

3 Long-term equity investments (continued)

(3) Details of the jointly controlled entity and associate (continued)

Name of Investee	Carrying amount Total assets at 30 June 2012	Total liabilities at 30 June 2012	Net assets at 30 June 2012	Total operating income for for six months ended 30 June 2012	Net profit/(loss) for six months ended 30 June 2012
Jointly controlled entity					
Yantai Tongli Beverage Industries Co., Ltd.	121,397,872	4,843,990	116,553,882	89,945,518	9,869,068
Associate					
Yantai Andre Pectin Co., Ltd.	794,424,889	464,043,529	330,381,360	102,932,537	7,200,264

4 Operating income and operating costs

Item	For the six months ended 30 June **2013**	2012
Operating income from principal activities	**256,042,239**	357,121,365
Other operating income	**261,632**	893,444
Operating cost from principal activities	**266,044,955**	320,947,330
Other operating cost	**237,862**	832,043

5 Investment income

(1) Details of investment income

Item		For the six months ended 30 June **2013**	2012
Income from long-term equity investments accounted for under the equity method	(2)	**2,096,824**	3,831,527
Gains from disposal of financial assets held for trading		**154,644**	175,471
Total		**2,251,468**	4,006,998

(2) For long-term equity investments accounted for under the cost method, the amounts of investment income from an investee accounted for more than 5% of total profits or included in the top five investment income when the amount is less than 5% of total profits, are as follows:

Investee	For the six months ended 30 June **2013**	2012
Yantai Tongli Beverage Industries Co., Ltd.	**2,266,693**	2,467,267
Yantai Andre Pectin Co., Ltd.	**(169,869)**	1,364,260
Total	**2,096,824**	3,831,527

6 Supplement to cash flow statement

Item	For the six months ended 30 June 2013	2012
(1) Reconciliation of net profit to cash flows from operating activities:		
Net loss	**(39,639,132)**	(1,053,306)
Add: Depreciation of fixed assets	**3,270,036**	3,025,389
Amortisation of intangible assets	**416,146**	416,146
Financial expenses	**9,267,404**	12,519,446
Investment income	**(2,251,468)**	(4,006,998)
Decrease in deferred tax assets	**1,057,961**	1,270,760
Decrease in gross inventories	**20,106,749**	48,277,043
Decrease in operating receivables	**114,206,580**	218,279,873
Increase in operating payables	**195,625,720**	108,158,272
Net cash flow from operating activities	**302,059,996**	386,886,625
(2) Change in cash and cash equivalents:		
Cash at the end of the period	**58,356,889**	376,223,341
Less: Cash at the beginning of the period	**42,257,195**	77,642,547
Net increase in cash and cash equivalents	**16,099,694**	298,580,794

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 30 June 2013, the Group's turnover decreased to approximately RMB413,964,000 as compared to approximately RMB707,049,000 for the corresponding period in 2012, representing a decrease of approximately RMB293,085,000 or 42%. The Group's turnover was principally derived from the manufacture and sale of apple juice concentrate, pear juice concentrate, apple essence, feedstuff and related products. The decrease in turnover was mainly attributable to the decrease in international market selling price and sales volume of the apple juice concentrate.

For the six months ended 30 June 2013, the Group's gross profit was approximately RMB74,998,000 and the gross profit margin was approximately 18.12%. For the corresponding period in 2012, the gross profit was approximately RMB139,961,000 and gross profit margin was approximately 19.80%. The decrease in gross profit margin was attributable to the decrease in international market selling price of apple juice concentrate.

For the six months ended 30 June 2013, the Group's net profit (i.e. the profit for the period attributable to equity shareholders of the Company) decreased to approximately RMB19,985,000, as compared to approximately RMB66,068,000 for the corresponding period in 2012, representing a decrease of approximately RMB46,083,000 or 69.75%. The decrease in net profit was mainly attributable to the decrease in international market selling price and sales volume of apple juice concentrate.

For the six months ended 30 June 2013, the Group incurred distribution expenses of approximately RMB22,910,000, as compared to approximately RMB35,873,000 for the corresponding period in 2012, representing a decrease of approximately RMB12,963,000. The Group's distribution expenses mainly included transport, export inspection and marketing expenses. Such decrease was mainly attributable to the decrease in sales volume and better control of distribution expenses.

For the six months ended 30 June 2013, the Group incurred administrative expenses of approximately RMB23,476,000 as compared to approximately RMB23,816,000 for the corresponding period in 2012, representing a slight decrease of approximately RMB340,000. Such decrease was attributable to the better control of administrative expenses.

For the six months ended 30 June 2013, the net finance costs of the Group were approximately RMB11,826,000, as compared to approximately RMB18,565,000 for the corresponding period in 2012, representing a slight decrease of approximately RMB6,739,000. Such decrease was mainly due to the decrease in average loan balance.

Business Review

Stabilising Market Coverage

During 2013, by adapting to the market demand and leveraging on its advanced production technology, superb product quality and comprehensive customer services, the Group maintained steady growth in markets sales. With years of continuous efforts, the Group has already expanded its sales network to major countries and regions in the world, including the US, Japan, Europe, Oceania and African countries and PRC market.

Optimisation of Customer Base

While expanding its market places and market share, the Group also leveraged on the prime quality of its products to optimise its profile of customer base continuously. Currently, the customer base of the Group mainly comprises renowned beverage manufacturers of the world.

Future Prospects

Market Expansion and Product Diversification

Currently the Group has established relatively stable market penetration and customers groups in major consumer markets of apple juice concentrate in the world, namely the US, European, Oceania, African countries and Japan. The Company will put more efforts in the development of various emerging markets, with a view to breaking through these markets. On the other hand, the Company has in recent years explored the market opportunities for its new products and niche products as well as the development of new customer groups. This will satisfy both the needs of the market and our customers, as well as fulfill our target of product mix expansion.

Further Exploitation of the Domestic Market

As the domestic consumer market for apple juice concentrate further expands, the Group will continue to maintain good business relationships with existing customers in the coming year while actively exploring new customers through our prime product quality and comprehensive services, with a view to opening a new page in our domestic market sales.

Develop Financing Channels

The Group will closely monitor the trend of Renminbi exchange rate against US dollar and adjust the proportion of Renminbi and US dollar loans. The Group will continue to actively engage in cooperation with domestic and international financial institutions to diversify its financing channels and increase the variety of financing products, in order to reduce the Group’s exchange rate risk and finance cost, improve capital structure and facilitate better business development.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2013, the Group had a total of 787 employees and the total employee remuneration for the six months ended 30 June 2013 was approximately RMB12,555,000. The Group's employment and remuneration policies remained unchanged with those described in the prospectus of the Company dated 11 April 2003. The salaries and benefits of the employees of the Group were kept at a competitive level and employees were rewarded on a performance related basis with general framework of the Group's salary and bonus system which is reviewed annually. A wide range of benefits, including statutory compulsory welfare plans, were also provided to employees.

DIVIDEND

The Board proposed a final dividend of RMB0.05 per share for the year ended 31 December 2012. The proposal to declare and pay this final dividend was passed at the annual general meeting of the Company held on 26 June 2013.

The Board proposed not to distribute interim dividend for the period ended 30 June 2013.

SIGNIFICANT INVESTMENT

No significant investment was made by the Group during the six months ended 30 June 2013.

MATERIAL ACQUISITION AND DISPOSAL

On 6 May 2013, the Company entered into a share transfer agreement (the "Agreement") with DSM Food Specialties China Enterprise Co., Ltd. ("DSM"), pursuant to which DSM has conditionally agreed to acquire and the Company has conditionally agreed to sell its 18.95% interest in Yantai Andre Pectin Co., Ltd. ("Andre Pectin") at a consideration in Euro in the amount equivalent to RMB135,966,250 (i.e. RMB4.1 per share) (the "Disposal"). Upon completion, the Company will cease to have any interest in Andre Pectin. The successful completion of the Disposal is subject to the fulfillment of the conditions stated in the Agreement, including the approval of the Company's shareholders at the special general meeting. Details are disclosed in the Company's announcement and circular dated 6 May 2013 and 3 July 2013, respectively. At the special general meeting held on 19 August 2013, an ordinary resolution for approving the Disposal was duly passed by the shareholders of the Company. The Disposal is not yet completed as at the date of the report.

Save as disclosed above, no material acquisitions or disposals of subsidiaries and associated companies have been made by the Company during the six months ended 30 June 2013.

CONTINGENT LIABILITIES

The Directors were not aware of any material contingent liability as at 30 June 2013.

CHARGE OF ASSETS

Except as disclosed in Note V.15 to the Interim Result section, the Group has no assets charged as at 30 June 2013.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally financed its operations and investing activities with internally generated financial resources and loans from banks. As at 30 June 2013, the Group had outstanding bank loans amounted to approximately RMB269,012,000, of which RMB113,000,000 was borrowed at interest rates ranging from 4.6% to 6%, RMB63,331,000 was borrowed at LIBOR +2.66% to +3.75%, and RMB92,681,000 was borrowed at floating interest rate of the lender's cost of fund +2.5% to +4.0%.

As at 30 June 2013, the Group had a net cash and cash equivalent position of approximately RMB90,233,000. The Group's gearing ratio at 30 June 2013 was approximately 23.73% (30 June 2012: approximately 30.59%) which was calculated based on the Group's total liabilities of approximately RMB444,290,000 (30 June 2012: approximately RMB610,523,000) and total equity and liabilities of approximately RMB1,872,382,000 (30 June 2012: approximately RMB1,996,099,000). The Directors considered that the Group had sufficient financial resources to meet its ongoing operation requirements.

FOREIGN EXCHANGE EXPOSURE

The operating revenue of the Group is substantially denominated in US dollars. It is the practice of the Group to convert its operating revenue denominated in US dollars to RMB for financing its operating expenses and capital requirements. However, the results of operations and the financial position of the Group may be affected by any changes in the exchange rates.

On the other hand, the conversion of RMB denominated balances into foreign currencies is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2013.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2013, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); and (b) required to be recorded in the register 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 required standard of dealings by the directors of the Company as referred to in Appendix 10 of the Listing Rules were as follows:

Long positions in the shares of the Company

Name of Directors	Class of shares	Number of shares held	Capacity	Type of Interest	Approximate percentage of Domestic Shares/ H Shares	Approximate percentage of total share capital
Wang An *(Note 1)*	Domestic Shares	118,810,501 (L)	Interest of controlled corporations *(Note 2)*	Personal	47.42% (L)	29.05% (L)
	H Shares	1,708,500 (L)	Interest of controlled corporations *(Note 3)*	Personal	1.08% (L)	0.42% (L)
Liu Tsung-Yi	H Shares	195,400 (L)	Beneficial owner	Personal	0.12% (L)	0.048% (L)

Notes:

The letter "L" denotes a long position.

(1) As at 30 June 2013, Mr. Wang An, a director of the Company, controlled (a) 90% interest in China Pingan Investment Holdings Limited, which held 44,151,961 Domestic Shares and 1,708,500 H Shares, representing 10.80% and 0.42% interest in the total issued share capital of the Company, respectively; and (b) 90% interest in Shandong Andre Group Co., Ltd.*(山東安德利集團有限公司), which held 74,658,540 Domestic Shares, representing 18.25% interest in the total issued share capital of the Company.

(2) Mr. Wang An was deemed to be interested in these Domestic Shares through his interests in China Pingan Investment Holdings Limited and Shandong Andre Group Co., Ltd.*(山東安德利集團有限公司).

(3) The long position in 1,708,500 H Shares was held by China Pingan Investment Holdings Limited. Mr. Wang An was deemed to be interested in these H Shares through his 90% interest in China Pingan Investment Holdings Limited.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2013, so far as the Directors are aware, the following persons (other than the Directors, Supervisors and chief executive of the Company) had interests and short positions in the shares, underlying shares and debentures of the Company which were discloseable under Divisions 2 and 3 of Part XV of the SFO and recorded in the register kept by the Company pursuant to section 336 of the SFO:

Long positions in the shares of the Company

Name of Shareholders	Class of shares	Number of shares held	Capacity	Type of Interest	Approximate percentage of Domestic Shares/ H Shares	Approximate percentage of total share capital
China Pingan Investment Holdings Limited	Domestic Shares	44,151,961 (L) *(Note 1)*	Beneficial owner	Corporate	17.62% (L)	10.80% (L)
	H Shares	1,708,500 (L)	Beneficial owner	Corporate	1.08% (L)	0.42% (L)
Shandong Andre Group Co., Ltd.* (山東安德利集團有限公司)	Domestic Shares	74,658,540 (L) *(Note 2)*	Beneficial owner	Corporate	29.80% (L)	18.25% (L)
Donghua Fruit Industry Co., Ltd.	Domestic Shares	65,779,459 (L) *(Note 3)*	Beneficial owner	Corporate	26.26% (L)	16.08% (L)
Uni-President Enterprises Corp.	Domestic Shares	63,746,040 (L) *(Note 4)*	Interests of controlled corporations *(Note 5)*	Corporate	25.44% (L)	15.59% (L)
Atlantis Capital Holdings Limited	H Shares	32,000,000 (L) *(Note 6)*	Interests of controlled corporations	Corporate	20.20% (L)	7.82% (L)
Norges Bank	H Shares	12,336,000 (L)	Beneficial owner	Corporate	7.79% (L)	3.02% (L)
Mitsui & Co., Ltd.	H Shares	21,340,000 (L) *(Note 7)*	Beneficial owner	Corporate	13.47% (L)	5.22% (L)

Name of Shareholders	Class of shares	Number of shares held	Capacity	Type of Interest	Approximate percentage of Domestic Shares/ H Shares	Approximate percentage of total share capital
JP Morgan Chase & Co.	H Shares	12,390,500 (L) 12,390,500 (P) *(Note 8)*	Custodian corporation/ approved lending agent	Corporate	7.82% (L) 7.82% (P)	3.03% (L) 3.03% (P)
HSBC Global Asset Management (Hong Kong) Limited (Formerly known as HSBC Investments (Hong Kong) Limited)	H Shares	10,000,000 (L)	Investment manager	Corporate	6.31% (L)	2.45% (L)

Notes:

The letter “L” denotes a long position. The letter “P” denotes interests in a lending pool.

(1) Mr. Wang An, a director of the Company, was deemed to be interested in these Domestic Shares through his 90% interest in China Pingan Investment Holdings Limited.

(2) Mr. Wang An, a director of the Company, was deemed to be interested in these Domestic Shares through his 90% interest in Shandong Andre Group Co., Ltd.*(山東安德利集團有限公司).

(3) The long position in 65,779,459 Domestic Shares was directly held by Donghua Fruit Industry Co., Ltd.. Based on the information provided by Donghua Fruit Industry Co., Ltd., Mr. Zhang Jiaming is deemed to be interested in such 65,779,459 Domestic Shares.

(4) The long position in 63,746,040 Domestic Shares was held by Uni-President China Holdings Ltd., a non wholly-owned subsidiary of Uni-President Enterprises Corp.(統一企業股份有限公司), through its two wholly-owned subsidiaries, namely, Chengdu President Enterprises Food Co., Ltd.(成都統一企業食品有限公司), which held 42,418,360 Domestic Shares, and Guangzhou President Enterprises Co., Ltd.(廣州統一企業有限公司), which held 21,327,680 Domestic Shares.

(5) Pursuant to Part XV of the SFO, Uni-President Enterprises Corp.(統一企業股份有限公司)was deemed to be interested in such 63,746,040 Domestic Shares. The 63,746,040 Domestic Shares were held by a series of controlled corporations of Uni-President Enterprises Corp.(統一企業股份有限公司), of which 42,418,360 Domestic Shares, representing approximately 10.37% of the total issued share capital of the Company, were held directly by Chengdu President Enterprises Food Co., Ltd.(成都統一企業食品有限公司)and 21,327,680 Domestic Shares, representing approximately 5.21% of the total issued share capital of the Company, were held directly by Guangzhou President Enterprises Co., Ltd.(廣州統一企業有限公司).

(6) According to the public information available on the website of the Stock Exchange, Atlantis Capital Holdings Limited was a 100% controlled corporation of Liu Yang; Liu Yang was deemed to be interested in such 32,000,000 H Shares.

(7) After the capitalization of shares by the Company in 2007 and the share consolidation on 28 January 2013, the number of H Shares held by Mitsui & Co., Ltd. was adjusted from 97,000,000 shares to 21,340,000 shares.

(8) According to the public information available on the website of the Stock Exchange, these H Shares were held directly by JP Morgan Chase Bank N.A., a wholly-owned subsidiary of JP Morgan Chase & Co..

COMPETING INTERESTS

As at 30 June 2013, none of the Directors, the management shareholders of the Company and their respective associates (as defined under the Listing Rules) had any interest in a business which competes or may compete with the businesses of the Group or has or may have any other conflicts of the interest with the Group.

CORPORATE GOVERNANCE PRACTICES

The articles of association, terms of reference of audit and review committee and terms of reference of supervisory committee of the Company form the framework for the code of corporate governance practices of the Company.

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") contained in the Listing Rules throughout the reporting period except for the following:

According to Code A.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its Directors. The Company is negotiating with the relevant insurance agents about the liability insurance for the Directors and will arrange such insurance cover in due course.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Appendix 10 of the Listing Rules (the "Required Standard") as the Company's code of conduct regarding securities transactions by its Directors. A copy of the Required Standard has been sent to each Director one month before the date of the Board meeting to approve the Company's 2013 interim results, with a reminder that the Director could not deal in the securities and derivatives of the Company until after such results have been published.

Under the Required Standard, the Directors are required to notify the chairman of the Company and receive a dated acknowledgement in writing before dealing in the securities and derivatives of the Company and, in the case of the chairman of the Company himself, he must notify the chairman of the audit committee and receive a dated acknowledgement in writing before any dealing.

All Directors, upon specific enquiries, have confirmed that they have complied with the Required Standard during the six-month period ended 30 June 2013.

Specific employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with the Required Standard. No incident of non-compliance was noted by the Company for the six-month period ended 30 June 2013.

SHARE CONSOLIDATION

Pursuant to a resolution passed at a special general meeting and the class meetings of the Company on 26 July 2012, and approvals from relevant government authorities, the Company consolidated every ten shares with a par value of RMB0.10 each into one consolidated share with a par value of RMB1.00 ("Share Consolidation") on 28 January 2013. The registered capital of the Company remained at RMB408,988,000, but the total number of shares of the Company changed from 4,089,880,000 shares to 408,988,000 shares with a par value of RMB1.00 each.

AUDIT AND REVIEW COMMITTEE

The Company has established an audit and review committee with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants. The primary duties of the audit and review committee are to review and provide supervision over the financial reporting process and internal control of the Group. All of its members are independent non-executive Directors (namely Mr. Gong Fan, Mr. Chow Kam Hung and Mr. Li Tong Ning) and its current chairman, Mr. Gong Fan, is an independent non-executive Director.

The audit and review committee has reviewed the accounting principles and practices adopted by the Group and discussed with the Directors about internal controls and financial reporting matters including a review of the interim results for the six months ended 30 June 2013.

By order of the Board
Yantai North Andre Juice Co., Ltd.*
Wang An
Chairman

Yantai, the PRC, 26 August 2013

As at the date hereof, the Board comprises:

Mr. Wang An *(Executive Director)*
Mr. Zhang Hui *(Executive Director)*
Mr. Wang Yan Hui *(Executive Director)*
Mr. Liu Tsung-Yi *(Non-executive Director)*
Mr. Gong Fan *(Independent non-executive Director)*
Mr. Chow Kam Hung *(Independent non-executive Director)*
Mr. Li Tong Ning *(Independent non-executive Director)*