



China Haisheng Juice Holdings Co., Ltd.

中國海升果汁控股有限公司

Stock Code : 359



Interim Report
2013



Contents

Corporate Information	2
Highlights	3
Management Discussion and Analysis	4
Directors' Report	9
Condensed Consolidated Statement of Comprehensive Income	15
Condensed Consolidated Statement of Financial Position	17
Condensed Consolidated Statement of Changes in Equity	19
Condensed Consolidated Statement of Cash Flow	20
Notes to the Condensed Interim Consolidated Financial Information	21



Corporate Information

Stock Code

359

Executive Directors:

Mr. Gao Liang (*Chairman*)
Mr. Li Bing (resigned on 8 April 2013)
Mr. Zhang Xiang
Mr. Ding Li
Mr. Zhao Chongjun
(appointed on 8 April 2013)

Independent non-executive directors:

Mr. Li Yuanrui
Mr. Zhao Boxiang
Mr. Lo Wai Tat Andrew
(resigned on 8 April 2013)
Mr. Chan Bing Chung
(appointed on 8 April 2013)

Company Secretary

Mr. Terence Sin Yuen Ko, FCCA

Authorised Representatives

Mr. Gao Liang
Mr. Terence Sin Yuen Ko, FCCA

Audit Committee Members

Mr. Chan Bing Chung (*Chairman*)
(appointed on 8 April 2013)
Mr. Zhao Boxiang
Mr. Li Yuanrui

Remuneration Committee Members

Mr. Zhao Boxiang (*Chairman*)
Mr. Li Yuanrui
Mr. Chan Bing Chung
(appointed on 8 April 2013)

Registered Office

Cricknet Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Room B, 3rd Floor
Eton Building
288 Des Voeux Road Central
Hong Kong

Website Address

www.chinahaisheng.com

Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

Principal Bankers

Agriculture Bank of China
The Export-Import Bank of China

HIGHLIGHTS

- For the six months ended 30 June 2013, the Group's unaudited turnover increased from approximately RMB792.3 million to approximately RMB1,003.9 million, representing an increase of approximately 26.7% over the same period of last year.
- For the six months ended 30 June 2013, the Group sustained an unaudited loss attributable to Owners of the Company of approximately RMB47.3 million as against an unaudited profit attributable to Owners of the Company of approximately RMB2.1 million in the same period of last year.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: Nil).



Management Discussion and Analysis

Review of results

The Board announces that, for the six months ended 30 June 2013, the Group recorded an unaudited turnover of approximately RMB1,003.9 million, representing an increase of approximately 26.7% over the same period of last year. Gross profit margin for the six months ended 30 June 2013 was approximately 12.1%, as compared with 14.6% for the same period of last year. The Group has sustained an unaudited loss attributable to Owners of the Company of approximately RMB47.3 million for the period under review as against an unaudited profit attributable to Owners of the Company of approximately RMB2.1 million in the same period of last year.

For the period under review, turnover increased by approximately 26.7% to approximately RMB1,003.9 million. Such increase was mainly attributable to the increase in sales volume of apple juice concentrate of the Group, results from the increased effort put by the sales staff.

For the period under review, the gross profit margin of the Group decreased from approximately 14.6% to approximately 12.1% which was attributable to the decrease in the market price of apple juice concentrate in our major markets due to intense market competition.

Distribution costs increased by approximately 114.6% to approximately RMB84.3 million during the period under review. Such increase was mainly attributable to the increase in sales volume and the freight charges of the Group.

Administrative expenses decreased by approximately 5.9% to approximately RMB44.0 million during the period under review. The decrease in administrative expenses was mainly attributable to the cost control exercised.

Finance costs of the Group amounted to approximately RMB51.0 million in the period under review, representing an increase of approximately 26.2% over the same period of last year. The increase is attributable to the increase in total borrowings.

As a result of the foregoing, the Group sustained an unaudited loss attributable to Owners of the Company of approximately RMB47.3 million as against unaudited profit attributable to Owners of the Company of approximately RMB2.1 million in the same period of last year.

Liquidity, financial resources, gearing and capital commitments

The treasury policy of the Group is centrally managed and controlled at the corporate level. As at 30 June 2013, the Group's borrowings amounted to approximately RMB1,718.2 million (as at 31 December 2012: RMB1,260.5 million), among which, approximately RMB1,060.1 million (as at 31 December 2012: RMB1,176.5 million) were repayable within one year and approximately RMB658.1 million (as at 31 December 2012: RMB84.0 million) become due more than one year. Approximately RMB536.9 million (as at 31 December 2012: RMB1,260.5 million) were secured by way of charge on the Group's assets. Approximately RMB291.1 million were denominated in US dollars while approximately RMB1,427.1 million were denominated in RMB.

As at 30 June 2013, the cash and bank balances including pledged bank deposits amounted to approximately RMB196.0 million (as at 31 December 2012: RMB99.0 million).

The gearing ratio, defined as total liabilities divided by total assets, was decreased from approximately 73.5% as at 31 December 2012 to approximately 69.2% as at 30 June 2013 and debt to equity ratio, defined as total borrowings divided by total equity, increased from 1.4 as at 31 December 2012 to approximately 1.8 as at 30 June 2013.

As of 30 June 2013, the Group has approximately RMB33.5 million capital commitments (as at 31 December 2012: RMB22.4 million) and has no significant contingent liabilities.

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

Pledge of assets

As at 30 June 2013, the Group pledged property, plant and equipment, prepaid lease payments, pledged bank deposits and inventories for security of the Group's borrowings and obligation under finance lease with carrying amount of approximately RMB1,459.3 million.

In addition, the Group's equity interests in certain subsidiaries have been pledged to secure bank and other borrowings.



Management Discussion and Analysis

Review

The Market

Reviewing the first half of the year, the global economy continued to stall and consumption of the industry was depressed. The national export volume of apple juice concentrate of the first half 2013 increased by just 1% over the first half of 2012 together with a decrease of about 23% in export price compared with the price of last year.

According to the statistics of China Custom, Haisheng's export volume of apple juice rose by 41% in the first half of 2013 as compared to the corresponding period in 2012. The sales volume of the majority of sales markets increased by different extents. However, the export price dropped by approximately 21% compared to the corresponding period in the previous year.

According to the statistics of China Custom, our export accounted for 27% of China exports in the US-Canada market. The performance of the African market continued to be far ahead of the others. The sales volume accounted for over 70% of China exports to the region. The market share in the Japanese market had certain growth compared to the corresponding period in the previous year, accounting for 32% of China exports to that region. Our exports to the market in the Middle East accounted for approximately 17% of China exports and the market share of the sales volume in the Australia-New Zealand market accounted for approximately 21% of China exports in that region.

As for the domestic market, it outperforms the international market as a whole. Our market share of apple juice concentrate and pear juice concentrate is still at the leading position in the industry. The customer base of small juice products was further expanded and new products received relatively good market response. This is a good preparation for further introduction of the Company's small products to the international market.

Production

During the year under review, the production system closely followed the Company's strategic intent, with continuous effort to strengthen the introduction and adoption of technology. By staying in close contact with the industry, clients, suppliers and other parties, the Company successfully implemented various technological transformations. The Dang Shan factory introduced a fully automatic loading and unloading line of raw materials, which greatly reduced the wastage and also improved the quality of raw materials. It further integrated the channels of raw materials supply. The Company introduced domestic loading and unloading systems accordingly, covering all production regions and breeds of raw materials, and began the work at the early stage to improve quality and reduce loss of raw materials. Besides, surrounding the core processes such as compression, ultra-filtration, absorption and distillation, the workshops comprehensively implemented traceability and improvements. Advanced technology such as the additional ultra-filtration processing system and low-temperature filtration and sterilization were introduced, saving energy and reducing emission. The quality of products improved while the operation became more environmental friendly, which will ensure the Company to further improve the quality in the new grinding season and reduce costs.

Plantation

Haisheng Group began the strategic transition and entered the plantation industry, striving to produce fruits and vegetables of high quality and diverse breeds. Currently, the breeds of products include apple, Kiwi Fruit, cherry, blueberry and purple yam. The production bases are distributed in Shaanxi, Shanxi, Shandong, Anhui and Liaoning. The picking of greenhouse cherries began in April 2013 and the picking season for the first batch of apple will begin in August 2013. The fruit produce will gradually enter the market.

Haisheng apples adopted the short rootstock high density planting model and its affiliated management technology which is widely used in advanced producing countries in the world. Haisheng apple is widely recognized and supported by both domestic and foreign experts and became the new model for the development of the apple industry in China today. Haisheng Group, based on the existing development, will further diversify the types of plantation and endeavour to achieve our business goals in producing high quality and safe agricultural products, thereby form an all-round industry chain covering production, storage, processing and sales of green agricultural products.



Management Discussion and Analysis

Human Resources

As at 30 June 2013, the Group had a total of 990 employees (1,626 as at 30 June 2012). The Company had fully reviewed the labour costs and optimized the human resources structure during the period.

Prospect

The Market

Looking forward in the new grinding season, the Company will strive to reduce the prices of raw materials, such that the market share of the Group could be secured and selling prices could be enhanced at the same time. It will continue to expand the sales of new products and exploring room for development by research and development of new products, finding new profit points for the Group. The Group will place raising customers' satisfaction as our first priority and keep on developing new clients.

During the new grinding season, the Group will make every endeavor to carry out various tasks such as reducing the production cost to a great extent, closely monitoring the global supply of raw materials and the changes in consumption market as well as adjusting the model and rhythm of production in order to bring profits to the Company.

Meanwhile, the Company will closely monitor changes in condition in the production regions of raw materials and make reasonable adjustment of the capacity allocation accordingly. The Company has gradually completed the adjustment of capacity and products in the Bohai Rim. Relying on the advantage of natural resources in the Xinjiang region and entering the Xinjiang production area, the Company can further its benefit in such advantage in resources and utilize the Company's current capacity to a more reasonable extent.

The Company will do its best in various quality control measures as before and continue to introduce improvement of mechanism and certification of quality under the GFSI framework. The Company will pay close attention to food safety, understand and coordinate sensitive changes of the market, clients, the association and the government. The Company will also strive for the internal adjustment and control to facilitate the reinvention and improvement of quality and provide products and services of high quality to consumers around the globe.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: Nil).

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

As at 30 June 2013, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") in the Listing Rules, were as follows:

Long position

Name	Name of the company	Capacity	Number and class of securities directly or indirectly held	Approximate percentage of shareholding
Mr. Gao Liang	The Company	Interest of controlled corporation	459,061,238 Shares <i>(Note 1)</i>	36.43%
Mr. Zhang Xiang	The Company	Beneficial owner	1,300,000 Shares <i>(Note 2)</i>	0.10%

Notes:

- As at 30 June 2013, the 459,061,238 Shares were held by Think Honour International Limited ("Think Honour"), the entire issued share capital of which was held by Mr. Gao Liang. Accordingly, Mr. Gao Liang was deemed to be interested in the 459,061,238 Shares held by Think Honour by virtue of the SFO.
- The shares are the underlying shares granted under the share option scheme of the Company.



Directors' Report

Save as disclosed above, as at 30 June 2013, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporation that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' and Other Person's Interests in Shares and Underlying Shares

As at 30 June 2013, the interests and short positions of every person, other than a Director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name	Name of the company	Capacity	Number and class of securities directly or indirectly held	Approximate percentage of shareholding
Think Honour	The Company	Beneficial owner	459,061,238 Shares <i>(Note 1)</i>	36.43%
Goldman Sachs & Co.	The Company	Interest of controlled corporation	232,344,000 Shares <i>(Note 2)</i>	18.44%
The Goldman Sachs Group, Inc	The Company	Interest of controlled corporation	232,344,000 Shares <i>(Note 2)</i>	18.44%
GS Advisors 2000, L.L.C	The Company	Investment manager	183,759,488 Shares	14.58%
GS Capital Partners 2000, L.P.	The Company	Beneficial owner	134,784,127 Shares	10.70%

Notes:

1. The entire issued share capital of Think Honour was held by Mr. Gao Liang.
2. GS Capital Partners 2000 Employee Fund, L.P., GS Capital Partners 2000 GmbH & Co. Beteiligungs KG, GS Capital Partners 2000 Offshore, L.P., GS Capital Partners 2000, L.P. and Goldman Sachs Direct Investment Fund 2000, L.P. (together, the "Investors") are interested in an aggregate of 232,344,000 Shares. The general partner or managing partner of each of the Investors is a direct or indirect wholly-owned subsidiary of The Goldman Sachs Group, Inc.. Goldman, Sachs & Co., a wholly-owned subsidiary of The Goldman Sachs Group, Inc., held by The Goldman Sachs Group, Inc. directly and indirectly through intermediate subsidiaries, is the investment manager of each of the Investors. Pursuant to the SFO, each of Goldman, Sachs & Co. and The Goldman Sachs Group, Inc. is deemed to be interested in the aggregate 232,344,000 Shares in which the Investors are interested in total.

So far as is known to the Directors or chief executive of the Company, none of the companies/ persons were interested in 10% or more of the equity interests of any other members of the Group as at 30 June 2013.

Corporate Governance Practices

During the six months ended 30 June 2013, all the code provisions in the Corporate Governance Code (which is set out in the Appendix 14 of the Listing Rules) were met by the Company, with the exception of three deviations, namely, (i) Code Provision A.2.1 providing for the roles of the chairman and chief executive officer (or chief executive) to be performed by different individuals (the "First Deviation"), (ii) code provision A.6.7 (the "Second Deviation") providing for Independent Non-executive Directors ("INED(s)") of the Company to, inter alia, attend general meetings and (iii) code provision E.1.2 (the "Third Deviation") providing for the chairman of the Board (the "Chairman") to attend the annual general meeting. Regarding the First Deviation, the Company does not have a competent candidate for the position of Chief Executive Officer currently. Mr. Gao Liang, therefore, acts as the Chairman and Chief Executive Officer of the Company. The Company is recruiting for the competent and suitable person to take the position of Chief Executive Officer. Regarding the Second Deviation and the Third Deviation, the Chairman and two INEDs were absent from the last Annual General Meeting of the Company held in May 2013 due to their other important engagement at the relevant time.



Directors' Report

Share Option Scheme

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

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

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

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

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

Date of grant	Vesting period	Exercise price HK\$	Exercisable period	Outstanding at 1.1.2013	Granted during the period	Forfeited during the period	Lapsed during the period	Outstanding at 30.6.2013
4.7.2011	4.7.2011 to 3.1.2012	0.99	4.1.2012 to 3.7.2014	9,200,000	-	-	850,000	8,350,000
4.7.2011	4.7.2011 to 3.7.2012	0.99	4.7.2012 to 3.7.2014	9,200,000	-	-	850,000	8,350,000
3.3.2008	3.3.2008 to 2.3.2009	2.012	3.3.2009 to 2.3.2013	12,462,000	-	-	12,462,000	-
3.3.2008	3.3.2008 to 2.3.2010	2.012	3.3.2010 to 2.3.2013	5,018,000	-	-	5,018,000	-
				35,880,000	-	-	19,180,000	16,700,000
Exercisable at 30 June 2013								16,700,000

Directors' Interests in a Competing Business

None of the Directors or their respective associates has any competing interests which need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the six months ended 30 June 2013.



Directors' Report

Compliance of the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”)

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the review period.

Review of Results

The unaudited interim results for the six months ended 30 June 2013 was reviewed by the audit committee of the Company.

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

Xi'an, the People's Republic of China, 23 August, 2013

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013

(Unaudited)

Six months ended 30 June

	NOTES	2013 RMB'000	2012 RMB'000
Revenue	4	1,003,883	792,297
Cost of sales		(882,600)	(676,453)
Gross profit		121,283	115,844
Other income		14,732	13,768
Other gain and loss		(1,397)	(59)
Distribution and selling expenses		(84,312)	(39,285)
Administrative expenses		(43,984)	(46,729)
Other operating expenses		(181)	(602)
Finance costs		(50,957)	(40,365)
(Loss) profit before taxation		(44,816)	2,572
Income tax expense	5	(2,688)	(469)
(Loss) profit for the period	6	(47,504)	2,103
Other comprehensive (expense) income			
Exchange difference arising on translation of foreign operations		(148)	23
Other comprehensive (expense) income for the period		(148)	23
Total comprehensive (expense) income for the period		(47,652)	2,126
(Loss) profit for the period attributable to:			
Owners of the Company		(47,315)	2,080
Non-controlling interests		(189)	23
		(47,504)	2,103



Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013

		(Unaudited)	
		Six months ended 30 June	
		2013	2012
	NOTES	RMB'000	RMB'000
Total comprehensive (expense) income attributable to:			
Owners of the Company		(47,463)	2,103
Non-controlling interests		(189)	23
		(47,652)	2,126
Dividends	7	–	–
Basic (loss) earnings per share (RMB cents)	8	(3.76) cents	0.2 cents

Condensed Consolidated Statement of Financial Position

At 30 June 2013

		30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,354,341	1,365,039
Biological assets		26,527	–
Prepaid lease payments		84,711	85,672
Deposit paid for purchase of property, plant and equipment		7,166	6,786
		1,472,745	1,457,497
CURRENT ASSETS			
Inventories	10	1,076,970	1,852,390
Trade and other receivables	11	408,352	435,537
Amounts due from related companies		–	1,178
Prepaid lease payments		2,897	2,509
Pledged bank deposits		7,603	21,044
Bank balances and cash		188,370	77,924
		1,684,192	2,390,582
CURRENT LIABILITIES			
Trade and other payables	12	343,237	1,416,086
Bills payables		–	5,320
Tax liabilities		2,004	2,008
Dividend payable to non-controlling shareholders of a subsidiary		63	63
Bank and other borrowings – due within one year		1,060,066	1,176,467
Obligation under finance lease		47,801	47,801
		1,453,171	2,647,745



Condensed Consolidated Statement of Financial Position

At 30 June 2013

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
NOTES		
NET CURRENT ASSETS (LIABILITIES)	231,021	(257,163)
	1,703,766	1,200,334
CAPITAL AND RESERVES		
Share capital	13,039	13,039
Reserves	958,041	1,005,504
Equity attributable to owners of the Company	971,080	1,018,543
Non-controlling interests	2,115	2,304
Total equity	973,195	1,020,847
NON-CURRENT LIABILITIES		
Bank and other borrowings – due after one year	658,106	84,000
Obligation under finance lease	59,427	82,245
Deferred tax liabilities	13,038	13,242
	730,571	179,487
	1,703,766	1,200,334

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Share Capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Special reserve RMB'000	Translation reserve RMB'000	Statutory surplus reserve RMB'000	Other reserve RMB'000	Accumulated profits RMB'000	Attributable to Owners of the Company RMB'000	Non- controlling interests RMB'000	Total RMB'000
At 1 January 2012 (audited)	13,039	202,327	17,389	258,722	(999)	131,208	(1,087)	477,653	1,098,252	2,511	1,100,763
Profit for the period	-	-	-	-	-	-	-	2,080	2,080	23	2,103
Exchange differences arising on translation of foreign operations	-	-	-	-	23	-	-	-	23	-	23
Total comprehensive income for the period	-	-	-	-	23	-	-	2,080	2,103	23	2,126
Recognition of equity-settled share based payments	-	-	1,546	-	-	-	-	-	1,546	-	1,546
Appropriated from accumulated profits	-	-	-	-	-	8,526	-	(8,526)	-	-	-
At 30 June 2012 (unaudited)	13,039	202,327	18,935	258,722	(976)	139,734	(1,087)	471,207	1,101,901	2,534	1,104,435
At 1 January 2013 (audited)	13,039	202,327	18,055	258,722	(1,019)	141,300	(1,087)	387,206	1,018,543	2,304	1,020,847
Loss for the period	-	-	-	-	-	-	-	(47,315)	(47,315)	(189)	(47,504)
Exchange differences arising on translation of foreign operations	-	-	-	-	(148)	-	-	-	(148)	-	(148)
Total comprehensive expense for the period	-	-	-	-	(148)	-	-	(47,315)	(47,463)	(189)	(47,652)
Recognition of equity-settled share based payments	-	-	-	-	-	-	-	-	-	-	-
Appropriated from accumulated profits	-	-	-	-	-	3,114	-	(3,114)	-	-	-
At 30 June 2013 (unaudited)	13,039	202,327	18,055	258,722	(1,167)	144,414	(1,087)	336,777	971,080	2,115	973,195



Condensed Consolidated Statement of Cash Flow

For the six months ended 30 June 2013

	(Unaudited)	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Net cash inflow used in operating activities	(270,752)	(380,421)
Net cash used in investing activities		
Purchase of property, plant and equipment	(15,567)	(34,619)
Other investing activities	12,835	(3,896)
	(2,732)	(38,515)
Net cash inflow from financing activities		
New bank and other borrowings raised	574,106	1,147,299
Repayment of bank and other borrowings	(139,219)	(673,738)
Other financing activities	(50,957)	(38,337)
	383,930	435,224
Increase in cash and cash equivalents	110,446	16,288
Cash and cash equivalent at 1 January	77,924	157,463
Cash and cash equivalent at 30 June, representing bank balances and cash	188,370	173,751

Notes to the Condensed Interim Consolidated Financial Information



1. General information

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

The Company is an investment holding company while its subsidiaries are principally engaged in the manufacture and sale of fruit juice concentrate and related products.

The Group’s principal operations are conducted in the People’s Republic of China (the “PRC”). The consolidated financial statements are presented in Chinese Renminbi (“RMB”), which is also the functional currency of the Company.

2. Basis of preparation

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

3. Principal accounting policies

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the annual financial statements for the financial year ended 31 December 2012, except for the adoption of the standards, amendments and interpretations issued by the IASB mandatory for annual periods beginning 1 January 2013. The effect of the adoption of these standards, amendments and interpretations was not material to the Group’s results of operations or financial position.

Notes to the Condensed Interim Consolidated Financial Information

4. Revenue and segment information

The board of directors regularly reviews revenue by locations of customers including North America, Russia, Europe, Australia, Asia, Africa and others and the consolidated statements of comprehensive income to make decision about resources allocations. Profit for the period is the segment profit reviewed by the executive directors. As no other discrete financial information is available for the assessment of performance of its business, no segment information is presented other than entity-wide disclosure.

The Group is principally engaged in the manufacture and sales of fruit juice concentrate and related products.

Geographic information

The Group's operations are located in the PRC.

The Group's revenue from external customers by locations of customers, and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	(Unaudited)		(Unaudited)	(Audited)
	Six months ended 30 June		30 June	31 December
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
North America	529,307	402,782	110	166
Asia	252,480	236,252	1,472,635	1,457,331
Europe and Russia	53,355	35,396	–	–
Australia	21,859	43,973	–	–
Africa and others	146,882	73,894	–	–
	1,003,883	792,297	1,472,745	1,457,497

Notes to the Condensed Interim Consolidated Financial Information

5. Taxation

	(Unaudited)	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Current tax		
– PRC Enterprise Income Tax	2,892	321
– Other Jurisdictions	–	–
	2,892	321
Deferred taxation	(204)	148
	2,688	469

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

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

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. Pursuant to the relevant regulations applicable to enterprises situated in the western regions of the PRC, a PRC subsidiary enjoys a preferential tax rate of 15% for 2011 and 2012. The PRC subsidiary will need to apply for the preferential tax rate for 2013.

For the year ended 31 December 2011 and 2012, certain subsidiaries of the Company, Shaanxi Haisheng, 陝西海升果業發展股份有限公司 translated as Shaanxi Haisheng Fresh Fruit Juice Co., Ltd. ("Shaanxi Haisheng"), 青島海升果業有限公司 translated as Qingdao Haisheng Fresh Juice Co., Ltd. ("Qingdao Haisheng"), 大連海升果業有限責任公司 translated as Dalian Haisheng Fresh Fruit Juice Co., Ltd. ("Dalian Haisheng"), 栖霞海升果業有限公司 translated as Qixia Haisheng Fresh Fruit Juice Co., Ltd. ("Qixia Haisheng") and 伊天果汁(陝西)有限公司 translated as Yitian Juice (Shaanxi) Co., Ltd.

Notes to the Condensed Interim Consolidated Financial Information

(“Yitian Shaanxi”) were approved as “農產品初加工企業” in relation to their production of juice concentrate products. As a result, Shaanxi Haisheng, Qingdao Haisheng, Dalian Haisheng, Qixia Haisheng and Yitian Shaanxi were exempted from EIT for both years. Certain provinces required the application of tax exemption under “農產品初加工企業” in 2013.

A subsidiary of the Company, Haisheng International Inc., is a limited liabilities company incorporated in the USA on 21 January 2005 and is subject to corporate and federal tax at progressive rates from 15% to 35%.

6. Loss (Profit) for the period

	(Unaudited)	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
<hr/>		
(Loss) Profit for the period has been arrived at after charging (crediting):		
Directors' remuneration	1,165	1,063
Other staff costs	27,979	27,162
Retirement benefits scheme contributions	5,664	7,038
Share based payments	—	—
Total staff costs	34,808	35,263
<hr/>		
Release of prepaid lease payments included in administrative expenses	573	501
Depreciation of property, plant and equipment	47,793	46,464
Loss on disposal of property, plant and equipment	65	59
Cost of inventories recognised in the condensed consolidated income statement	883,985	676,453
Bank interests income	(280)	(323)
<hr/>		



7. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: Nil).

8. (Loss) Earnings per share

The calculation of the basic and diluted (loss) earnings per share is based on the loss for the period attributable to owners of the Company of RMB47,315,000 (2012: profit for the year attributable to owners of the Company of RMB2,080,000) and on the number of 1,260,000,000 shares (2012: the number of 1,260,000,000 shares) in issue during the period.

No diluted earnings per share was presented for the six months ended 30 June 2013 as the exercise price of the Company's options was higher than the average market price per share.

9. Property, plant and equipment

During the period, the Group incurred approximately RMB15,567,000 on acquisition of property, plant and equipment.

10. Inventories

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Raw materials	28,767	25,736
Work in progress	191,249	339,632
Finished goods	856,954	1,487,022
	1,076,970	1,852,390

Notes to the Condensed Interim Consolidated Financial Information

11. Trade and other receivables

	30 June 2013	31 December 2012
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables	187,867	189,132
Less: allowance for doubtful debts	(5,107)	(5,107)
	182,760	184,025
Value added tax and other tax receivable	99,587	224,634
Advances to suppliers	37,641	10,623
Others	88,364	16,255
	408,352	435,537

The Group allows an average credit period of 30 to 90 days to its trade customers. The following is an aged analysis of trade receivables (net of allowance for doubtful debts) presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	30 June 2013	31 December 2012
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Aged:		
0 – 90 days	182,760	183,806
91 – 180 days	–	219
	182,760	184,025

Notes to the Condensed Interim Consolidated Financial Information



12. Trade and other payables

	30 June	31 December
	2013	2012
	RMB'000	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade payables	216,766	1,348,235
Payable for acquisition of property, plant and equipment	1,274	1,785
Advances from customers	54,092	1,542
Accrual salaries	8,160	8,248
Accrual interest	4,979	4,677
Other tax payable	1,970	6,818
Deferred income	9,500	19,000
Others	46,496	25,781
	343,237	1,416,086

The Group is allowed a credit period ranged from 90 to 180 days from its suppliers. The following is an aged analysis of trade payables presented based on the invoice dates at the end of the reporting period:

	30 June	31 December
	2013	2012
	RMB'000	<i>RMB'000</i>
	(Unaudited)	(Audited)
Aged:		
0 – 90 days	70,502	1,271,662
91 – 180 days	48,848	62,371
181 – 365 days	90,014	11,663
Over 1 year	7,402	2,539
	216,766	1,348,235



Notes to the Condensed Interim Consolidated Financial Information

13. Capital commitments

	30 June	31 December
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of – property, plant and equipment	33,462	22,415