ANNUAL REPORT 2013

China Haisheng Juice Holdings Co., Ltd
中國海升果汁控股有限公司

www.Chinahaisheng.com
Stock Code: 359

CONTENTS

Corporate Information

PLACE OF STOCK LISTED
The Main Board of The Stock Exchange of Hong Kong Limited

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

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

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

REGISTERED OFFICE
Cricket Square
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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Computershare Hong Kong Investor Services Limited
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Hopewell Centre
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Wanchai
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AUDITORS
Deloitte Touche Tohmatsu
Certified Public Accountants
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88 Queensway
Hong Kong

PRINCIPAL BANKERS
The Export-Import Bank of China
Shaanxi Branch
2 Gaoxin Street
Xi'an, Shaanxi Province
The PRC

Agricultural Bank of China
Ren Min Road Branch
54 West Ren Min Road
Xian Yang, Shaanxi Province
The PRC

China Merchants Bank
Cheng Nan Branch
178 Han Guang South Road
Xi'an, Shaanxi Province
The PRC

Financial Highlights

	As at 31 December				
	2013	2012	2011	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets and Liabilities					
Non-current assets	**1,466,152**	1,457,497	1,470,192	1,505,915	1,387,722
Net-current (liabilities)/assets	**(5,984)**	(257,163)	(276,579)	113,366	87,291
Non-current liabilities	**(495,749)**	(179,487)	(92,850)	(646,566)	(574,431)
	964,419	1,020,847	1,100,763	972,715	900,582
Share capital	**13,039**	13,039	13,039	13,039	12,715
Reserves	**949,233**	1,005,504	1,085,213	944,971	872,385
Equity attributable to owners of the Company	**962,272**	1,018,543	1,098,252	958,010	885,100
Non-controlling interests	**2,147**	2,304	2,511	14,705	15,482
Total equity	**964,419**	1,020,847	1,100,763	972,715	900,582

	For the year ended 31 December				
	2013	2012	2011	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Operating results					
Revenue	**1,669,210**	1,918,330	2,106,423	1,403,788	1,447,143
(Loss) profit before tax	**(52,831)**	(52,361)	172,606	56,647	79,837
Income tax expense	**(3,367)**	(3,764)	(9,714)	(3,382)	13,853
(Loss) profit for the year	**(56,198)**	(56,125)	162,892	53,265	93,690
(Loss) profit for the year attributable to:					
Owners of the Company	**(56,041)**	(55,918)	161,983	53,829	98,100
Non-controlling interests	**(157)**	(207)	909	(564)	(4,410)
	(56,198)	(56,125)	162,892	53,265	93,690

CHAIRMAN'S STATEMENT

Gao Liang
Chairman

DEAR SHAREHOLDERS,

I, hereby, on behalf of the board of directors of China Haisheng Juice Holdings Co., Ltd. ("Haisheng Juice") or (the "Company"), present the annual report of the Group for the year ended 31 December 2013.

BUSINESS REVIEW:

In 2013 the global economy was recovering steadily, the total sales volume of apple juice concentrate in the international market was relatively stable, export prices gradually recovered from the low range at beginning of the year after some consolidation, and showed a trend of getting stable after hitting the bottom. Since we continued to digest the inventory at high costs of the previous financial year, the financial results of the year under review were affected to a certain extent. Thanks to the recovery of the industry and a series of measures of cost control, product structural adjustment, enhancement of organizing capability, the Company successfully improved operating conditions in the second half of 2013, the export share was still in the leading position in the industry, an operating revenue RMB1,669.2 million was recorded for the year, a loss of RMB56.2 million was recorded for the year.

In view of the lack of substantial growth in the total demand for apple juice concentrate products in the world and the overall slowdown of growth rate of the industry, the Company adjusted the business mindset in time, while controlling raw materials prices effectively, we made use of the capacity of the industry in a restraint way, strengthened control of all expenses, achieved the purpose of enhancing profitability with competitive prices under an appropriate production output. At the same time, this action substantially reduced the use of funds, effectively reduced operation risks. In addition, the Company continued to study the factor of the impact of fruit wastage in an in-depth manner, and enhanced the overall competitiveness of products through various technological transformation.

In 2013 with the growth of demand in the juice consumption market of China, the proportion of sales volume of the Company in the Chinese market rose consecutively for three years and reached 12%. Following the diversified development of demand for juice beverage consumption of China, the fruit and vegetable juice market of strawberry, blueberry and sweet potato types showed stronger growth potential, during the year under review the sales volume of minor fruit and vegetable juices increased 77% as compared to 2012, it could be seen that all types of minor fruit and vegetable juices of the Company realized production and sale by batches. At the same time, the Company will continue to increase investment in technologies in the fruit and vegetable processing and comprehensive development of by-product aspects, expand the product scope of fruit and vegetable processing, create high value-added product series of essence, natural colouring, pectin, etc to improve operating conditions and the profitability of the main business.

Chairman's Statement

In 2013 the Company successfully issued RMB450 million medium term notes, and thereby adjusted the proportion of short and long term debts, reduced the pressure of short term repayment of debt, effectively lowered financial risks.

In order to further increase production efficiency, optimize the layout of production capacity, during the year under review the Company closed two plants located at Laiyang and Wafangdian which had low efficiency, effectively mobilized the assets. In the year the Company entered into Xinjiang in a strategic way, and constructed a new plant in Akesu region, adjusted the strategic layout, further facilitated the pace of structural adjustment of Haisheng products, and effectively reduced processing costs at the same time.

At the same time, faced with the needs of business growth and strategic transformation, the Company actively explored the upstream and downstream on the industry chain, in 2013 we acquired Shaanxi Haisheng Agriculture Co., Ltd. to extend the businesses of the Company to several domains in growing and reproduction, fruit tree cultivation, sales of fresh fruits and fruit product processing.

PROSPECT:

Looking ahead, the American and European economies have been recovering gradually, the demand for apple juice concentrate products in the international market were picking up steadily, the export volume and export unit price of Chinese apple juice concentrate will tend to be stable. At the same time, as a daily consumer goods in developed countries, the demand for apple juice concentrate products will provide strong market support to the sustainable development of the industry. With the improvement of the economic situations in America and basic relief of appreciation pressure of RMB against USD, the export competitiveness of the Chinese apple juice concentrate will recover gradually.

In 2014 the Company will further carry out strict control of all costs, continue to uphold the principle of improving operating conditions with competitive prices under an appropriate production output, enhance the competitiveness of apple juice concentrate products, effectively control operation risk. At the same time face with the growth of consumption of fruit juice beverages in China, the Company will actively promote minor fruit juice and mixed fruit and vegetable juice products with traditional consumption habits, enhance the research and development and production capacity of unique formula products of the Company, achieve a substantial rise in sales volume, sales amount and market share of the Chinese fruit and vegetable juice market.

Faced with the future, while steadily enhancing the competitiveness of the main business, the Group will strengthen the investment and construction of seedling tree nursery base of the agriculture company, field model base, storage and cold storage logistics chain, expand to the entire sector chain system in the upstream and downstream, nurture the corresponding talent teams, stress the accumulation of modern agricultural comprehensive capabilities to lay the foundation for the future profitability and strategic transformation of the Company.

APPRECIATION:

On behalf of the Board, I would like to express my sincere gratitude to every shareholder, customer and business partner for their continuous support and trust, at the same time, I would also like to thank our excellent management team and staff for their continuous contribution to the development of the Group.

By Order of the Board
Gao Liang
Chairman

Xi'an, the PRC, 26 March 2014

Management Discussion & Analysis

FINANCIAL REVIEW

For the financial year ended 31 December 2013, the Group recorded a revenue of approximately RMB1,669.2 million, representing a decrease of 13.0% over previous year. Gross profit margin for the current year is 12.4% as against 11.2% in previous year.

The decrease in revenue in 2013 was mainly attributable to the decrease in average selling price of the Group's products.

The increase in gross profit margin in 2013 was mainly attributable to the decrease in the cost of raw materials.

Other income increased by 130.8% to approximately RMB86.5 million because subsidies from the PRC Government increased in 2013.

The increase in distribution and selling expenses by 12.6% to approximately RMB141.6 million was mainly attributable to the increase in freight charges during the current year.

The administrative expenses slightly decreased by 1.2% to approximately RMB91.3 million was mainly attributable to the effective control on administrative cost and staff cost.

The increase in finance costs by 27.7% to approximately RMB100.4 million was attributable to the increase in the Group's overall bank and other borrowings in 2013.

Attributable mainly to the aforesaid, the Group sustained an audited loss attributable to owners of the Company of approximately RMB56.0 million, as against audited loss attributed to owners of the Company of approximately RMB55.9 million in the previous year.

Adjustment of product structure, enhancement of production efficiency, control of costs and expenditure

In light of the relatively saturated demand in the apple juice concentrate market, the Group further adjusted the product structure, increased the proportion of products with high profit margin, namely pear juice, sweet potato juice and apple syrup, not only this could stabilize the selling prices of apple juice products, but also effectively control the purchase prices of apples, reduce the costs and expenditure of raw materials, and create good conditions for generating a profit for apple juice products. At the same time, by improving the raw materials feeding system, coordinating the purchasing and production management, the Group raised the production efficiency so as to facilitate a reduction in product costs.

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL COMMITMENTS

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
Bank loans	**1,402,183**	1,247,896
Other borrowings (note (i))	**450,000**	–
Borrowings from non-bank financial institution (note (ii))	**–**	12,571
	1,852,183	1,260,467
Analysed as:		
Secured	**1,360,479**	1,260,467
Unsecured	**491,704**	–
	1,852,183	1,260,467
Analysed as:		
Fixed-rate borrowings	**1,228,213**	745,964
Variable-rate borrowings	**623,970**	514,503
	1,852,183	1,260,467

	As at 31 December 2013 RMB'000	2012 RMB'000
Carrying amount repayable*:		
On demand and within one year	**1,227,183**	930,896
More than one year but not exceeding two years	**450,000**	84,000
	1,677,183	1,014,896
Carrying amount of borrowings that are repayable on demand due to breach of loan covenants (shown under current liabilities)	**–**	12,571
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period based on scheduled repayment dates but contain a repayable on demand clause (shown under current liabilities)	**175,000**	233,000
	1,852,183	1,260,467
Less: Amounts due within one year shown under current liabilities	**(1,402,183)**	(1,176,467)
Amounts due after one year shown under non-current liabilities	**450,000**	84,000

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Notes:

(i) During the year, a non-wholly owned subsidiary of the Company issued and completed the registration of a corporate bond (the "Corporate Bond") with China Central Depository & Clearing Co., Ltd. The principal amount of the Corporate Bond is RMB450,000,000, unsecured and repayable in whole in 2016. The coupon rate of the Corporate Bond is fixed at 6.5% per annum and the coupon interest is paid annually.

(ii) The borrowings were provided by an independent European financial institution ("EFI") and the whole amount was repaid during the year.

During the year ended 31 December 2012, the Group could not satisfy certain conditions of the loan agreement with the EFI. The Group was unable to obtain letter from the EFI to maintain the original term of borrowings and therefore RMB12,571,000 of the borrowings were classified as current liabilities that are repayable on demand as at 31 December 2012.

In addition, the above borrowings were secured by the 67.64% equity interest of Qingdao Haisheng Fresh Fruit Juice Co., Ltd, a non-wholly owned subsidiary, which is held by another non-wholly owned subsidiary of the Company. The security was released upon the repayment of the borrowing during the year.

The interest rate for the variable-rate borrowings is based on LIBOR/PBCBLR plus a margin for both years.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2013	2012
Effective interest rate:		
Fixed-rate borrowings	**1.08% to 7.20%**	1.11% to 7.70%
Variable-rate borrowings	**2.16% to 7.80%**	2.48% to 7.22%

As at 31 December 2013, the Group has borrowings of USD64,720,000, equivalent to RMB394,591,000 (2012: USD43,030,000, equivalent to RMB270,467,000) which are denominated in foreign currency of the relevant group entities.

The total equity of the Group decreased from approximately RMB1,020.8 million as at 31 December 2012 to approximately RMB964.4 million as at 31 December 2013. The decrease was mainly attributable to the loss for the year.

The gearing ratio, defined as total liabilities divided by total assets, decreased from approximately 73.5% as at 31 December 2012 to 70.2% as at 31 December 2013. Debt to equity ratio, defined as total borrowings divided by total equity, increased from approximately 1.4 times as at 31 December 2012 to 1.9 times as at 31 December 2013.

The treasury policy of the Group is centrally managed and controlled at the corporate level.

EXPOSURE TO FOREIGN EXCHANGE FLUCTUATION

The Group is mainly exposed to the fluctuation of USD against RMB. The Group does not have a foreign currency hedging policy. To reduce foreign exchange risk, the Group has adopted certain aggressive measures, such as paying part of the payables in US dollar, and taking into account the possible appreciation of RMB before entering into a sales contract.

CAPITAL COMMITMENTS

As at 31 December 2013, capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment amounted to approximately RMB28.9 million.

PLEDGE OF ASSETS

As at 31 December 2013, the Group pledged property, plant and equipment, prepaid lease payments, bank deposits and inventories for security of the Group's borrowings and obligation under finance lease with carrying amounts of approximately RMB892.5 million.

CONTINGENT LIABILITIES

As at 31 December 2012, the Group issued financial guarantees to banks in respect of banking facilities granted to its suppliers whom are third parties to the Group with the aggregate amount of RMB601,647,000. The said amount was fully utilised by the third parties. According to the financial guarantee contracts, the Group had legal right to offset the full guarantee amount against trade payables to respective suppliers upon default by the suppliers. The aggregate trade payables to respective suppliers amounted to RMB811,506,000. In the opinion of the Directors, the fair value of the financial guarantee contracts at initial recognition is insignificant. No such financial guarantee is issued by the Group as at 31 December 2013.

Subsequent to the end of the reporting period, the Group was sued by its competitor in the USA in respect of obtaining access of trade secrets of a sweet potato juice concentrate through the competitor's former employee. The case is still in the progress of court procedures. Up to the date of this report and to the best of the Directors' knowledge, the Company believes that the claims lack merit and will vigorously defend such actions. As the amount of damages to be claimed by the counterparty is uncertain, no contingent liability has been accrued.

BUSINESS REVIEW AND PROSPECT

Market Review

In 2013, the demand of apple juice concentrate industry remained strong for the year, and did not continue to shrink. The industry continued to reduce capacity during the year, and gradually moved towards a reasonable equilibrium of supply and demand. Starting from 2013 Q4, the apple juice concentrate industry hit the bottom and started to recover, there was an improvement in the high prices of raw material costs of the industry, the poor situations of the companies in the supply and demand relationship were gradually reversed.

During the year under review, the apple juice concentrate industry was driven by the slow recovery of the global economy, there were slight overall increases in sales volume of Haisheng's apple juice for the whole 2013. The demand for the year in the traditional export markets remained stable (under the impact of falling raw materials costs and an increase in demand), the selling prices started to pick up since the second half of 2013. There were excellent results in the emerging markets such as Africa and Southeast Asia as compared with the matured markets, and the sales volume in these two regions increased by 40% and 50% respectively.

In 2013, the export of apple juice products of the Group was almost a quarter of the total export of apple juice in the PRC, while stabilizing the export of apple juice, with the R & D investment and market development over the past few years, minor juice products managed to have sales by batches in several countries and regions, of which the sale volume of sweet potato juice in the international market grew by 90% as compared with last year, rapid growth was also made in other types of juice concentrate. The stable and rapid development of the minor juice product market has become a new profit growth source of the Company.

Human resources

Review

Taking into consideration both the strategic positioning of 2013 and the future strategic transformation development needs of the Company, during the year the Company first carried out a re-working and optimization of the management team, the organization structure was constructed according to the development of businesses so that the management could steadily adapt to the requirements of an organizational transformation. Meanwhile, the Group set up special technical working groups, speeded up the nurturing of technical talents; in order to build up the technical capability of the new team, the Group hired several experts in the industry internationally, strengthened the technical power of the new business team. At the same time, in order to bring in new blood for the human resources team of the Group, and based on the business development direction of the Group, we carried out reasonable modular work classification so that the human resources system could quickly adjust and response, adapt to the strategic needs of the development of new businesses of the Company during the year.

As at 31 December 2013 the Group hired altogether 1,246 employees, the proportion of university graduates of the Company went up by 13% as compared with the corresponding period of 2012, there was a rise in the proportion of staff with post-graduate or above education.

Prospect

For 2014, based on all new businesses and the development direction of agricultural plantation and circulation businesses, the human resources work of the Group will continue to focus on attracting technical talents, reasonable allocation and use of the excellent human resources of the Group to form our competitiveness with technical power as the core.

Management Discussion & Analysis

R & D

Review

In order to implement the 1 + 6 strategy of the Group, that is, the main business plus several high value-added products, in 2013, the Group officially set up the pectin project, set up a special project team, and entered into investment framework agreement with the local government, internally we carried out detailed product pre-experiments and testing of raw materials, at present we are at the design and construction preparation stage of the project, the implementation of that project will have important significance to the business transformation of the Group. Meanwhile, the beverage concentrate fluid base line of Dalian plant was constructed, and production was successfully made during the year, this ensured the steady growth of sales of beverage bases. The Company fully launched the investigation and studies in the extraction of plants, use of fruit residues, juice fermentation product domains to lay a solid foundation for the commencement of new projects.

On the new product development aspect, the Group mainly strived for the development of more product types, in this squeezing season the multi-type production line in Dalian plant was in full production; the production and sales of minor raw paste products of apple, pear, strawberry, hawthorn etc, granular paste and NFC juice products became new highlights of the products of the Group.

The laboratory of our R & D centre was awarded as "Enterprise Technical Centre of Xian City" during the year, and set up a company and school joint implementation base with Shaanxi Model University. At the same time, the achievement of cooperation works with the industry of the Group was remarkable, the "Critical technical research and application of storage, freshness maintenance and comprehensive processing of apples" was awarded 2013 grade two state technological advancement prize; meanwhile, the Group was selected in the topic group of "national standards of pear juice and its beverages", we will continue to carry out the scientific research, study and analysis and information compilation for the next three years.

During the same year, the Group completed the application of four patents:

Technology of preparation of high-color-value clear sweet potato juice concentrates	Patent number: 201110295439.8
Technology of preparation of apple juice wine	Patent number: 201110136118.3
Technology of production of cherry juice concentrate	Patent number: 201110346095.9
Technology of preparation of high-Camp clear red jujube juice concentrates	Patent number: 201110452347.6

Prospect

In 2014, the Group will continue to carry out the implementation of pectin project, continue to follow up the launching of mini carrot project. At the same time, we will increase the investment and improve the research of production technologies and production equipments, further guarantee the production efficiency and product quality of juice production.

Production

Review

Looking back to 2013, the Group continued to promote cost and quality management. Externally the Group set up communication platforms with the industry, internally we carried out improved cost control, and made reform on the raw material fruit feeding system, effectively reduced production costs, enhanced the competitiveness in the market. The Group strived for safeguarding the resources utilization rate and facilitating the exploration of new product types. At the same time, the Group upheld the good quality culture, ensured that the product quality improved steadily, the reform of the raw material feeding system facilitated the quality enhancement of raw materials, and obtained adequate recognition by the market and its customers. The plants of the Group continued to strictly follow the GFSI framework to control quality strictly, and they smoothly passed the regular audit of FDA. The effects of all technological changes implemented at the beginning of the year were fully used, whilst enhancing quality, they controlled costs and made costs closer to market and client needs. During the year, the production of the Group initially made increasing investment input in the technological domain, we fixed the development direction, implemented the three-level model of equipments and skills, backup technologies and talents.

Prospect

For 2014, the Group will continue to focus on products, use costs and quality as the cornerstones, fully carry out the following tasks properly:

Raw materials aspect: the Group will continue to improve the loading and unloading systems, strengthen cooperation with the government and regulatory authorities, and promote technology to the industry, safeguard the enhancement of both the quality and efficiency. Cost aspect: the Group will carry out fine tuning and adjustment on packing structure, pear juice processing costs, at the same time we will flexibly adjust capacity, further increase and specify the asset utilization efficiency. Quality aspect: the Group will increase the frequency and ability to communicate with clients, get involved in client usage needs at an early stage, achieve seamless interface of technologies; at the same time we will cooperate with world renowned suppliers, promote the transformation application of low temperate processing and non-heating processing in the industry, bring more healthy and fresher fruit juices to the public. R & D and industry aspect, the Group will continue to enhance the communication and exchange with local and international R & D institutes, introduce technologies to the companies and form intellectual property rights and create value for the industry.

Agriculture

Review

In 2013, on the plantation aspect, Shaanxi Haisheng Agriculture Co., Ltd. (陝西海升現代農業有限公司), actively took part in the expansion of the bases of the Group, adopted techniques like high-density planting with dwarf rootstocks, orchard grass growing, water fertilizer integration, etc, to construct the apple plantation, initially implemented the strategic layout of a national apple production district. On the brand building aspect, the Company successfully created the first B2C market fresh fruit and vegetable brand, and successfully entered into the mainstream market channels of the tier one cities. As at the date of this report, the Company has passed the Green Food Accreditation and GLOBAL GAP Accreditation.

Prospect

For 2014, Shaanxi Haisheng Agriculture Co., Ltd will continue to strengthen the modernized agricultural technological management and reform of the bases of the Group, further improve the building up of the brand, promote the brand, and continue to explore sales channels. Meanwhile, the Group will continue to expand the types of plants to satisfy different needs of consumers.

Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Gao Liang (高亮), aged 53, is the founder and chairman of the Group. He is responsible for the Group's corporate policy formulation, business strategic planning, business development and overall management of the Company. Mr. Gao has devoted himself to the apple juice concentrate industry since 1996, and has gained plenty of sales and management experiences. In 1982, Mr. Gao graduated from Shaanxi Finance and Economic Institute (陝西財經學院) in industrial economics, and he completed the Global CEO Programme organized by China Europe International Business School. Mr. Gao represents 陝西海升果業發展股份有限公司 (transliterated as Shaanxi Haisheng Fresh Fruit Juice Co., Ltd.) ("Shaanxi Haisheng") which has been elected as vice president of Fruit Juice Association of China Chamber of Commerce For Import and Export of Foodstuffs, Native Produce and Animal By-Products (中國食品土畜進出口商會). Moreover, his personal accreditations include being elected in 1999 by New China News Agency Shaanxi Branch (新華通訊社陝西分社) and Shaanxi Public Personnel Editorial Committee (陝西新聞人物編委會) as the Turn of the Century Shaanxi Enterprise Capital Restructuring News Figure; as vice president of the China Beverage Industry Association (中國飲料工業協會果蔬汁分會) in 2001, as the vice president of the third Council meeting of the Xianyang Township Enterpreneurs Association (咸陽鄉鎮企業協會) in 2002, was awarded the honourary certificate for being one of the Ten Outstanding Enterpreneurs in the Development of Western China by the Election Committee of Outstanding Entrepreneurs of Western China Development (西部開發優秀創業者評審委員會) and Western China Forum Organization Committee (西部論壇組織委員會) in 2002 and also the Deputy to the 10th National People's Congress of Shaanxi Province, the PRC (陝西省第十屆人大代表).

Mr. Zhang Xiang (張祥), aged 34, joined the Group in 2003. Mr. Zhang is currently the standing vice president and director of Shaanxi Haisheng and is responsible for new product research and development and new business development of the Group. Mr. Zhang obtained his bachelor degree in computer science and technology in The Air Force Engineering University in the PRC in 2003 and studies Master of Business Administration in The Hong Kong Polytechnic University. Mr. Zhang was the deputy general manager and general manager of 陝西海升果業發展股份有限公司渭南分公司 (transliterated as Shaanxi Haisheng Fresh Fruit Juice Co., Ltd. Weinan Branch) of the Group and general manager and chairman of branch of Qianxian.

Mr. Ding Li (丁力), aged 41, joined the Group in 1995. Mr. Ding is currently the deputy manager of Shaanxi Haisheng and is responsible for the management of the manufacturing and sales of the Group. He has 17 years of experience in the manufacturing and sales of fruit juice concentrate business. During the period between 2002 and 2011, Mr. Ding was the general manager of 陝西海升果業發展股份有限公司乾縣分公司 (transliterated as Shaanxi Haisheng Fresh Fruit Juice Co., Ltd. Qianxian Branch) and 青島海升果業有限責任公司 (transliterated as Qingdao Haisheng Fresh Juice Co., Ltd.), respectively.

Mr. Zhao Chongjun (趙崇軍), aged 38, an executive Director who joined the Group since 2001. He is now responsible for the strategic and financial work of the Group. Mr. Zhao was the general managers of Anhui Dangshan Haisheng Fresh Fruit Juice Co., Ltd. (安徽碭山海升果業有限公司) and Dalian Haisheng Fresh Fruit Juice Co., Ltd. (大連海升果業有限責任公司). Mr. Zhao obtained a master degree in management from Xian Jiaotung University in 2002 as well as an EMBA degree subsequently from China Europe International Business School in 2011. Mr. Zhao has been appointed as the deputy general manager of Shaanxi Haisheng since January 2010.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhao Boxiang (趙伯祥), aged 69, was appointed as an independent non-executive Director in September 2005. He is a Guest Professor of China Northwest University (西北大學), the chairman of Shaanxi Society of Economic Reform (陝西省體改研究會) and the president of Shaanxi Independent Director Association (陝西獨立董事協會). Mr. Zhao has previously worked as inspector of State-owned Assets Supervision and Administration Commission of the State Council (國有資產監督管理委員會) and the director of Shaanxi Commission for Restructuring Economy (陝西體制改革委員會) early or late from 1986 to 2005. He graduated with a bachelor's degree majored in political education from Shaanxi Normal University (陝西師範大學) in 1969. Mr. Zhao made remarkable contributions in the reformation of state-owned enterprise and private enterprise, and the listing of the Company. He has wrote many thesis on subjects such as reformation of economic system and regulation of State-owned assets, as well as construction and development of capital market, with some of them were award winners or published in major periodicals. Mr. Zhao is an independent non-executive director of Shaanxi Northwest New Technology Industry Company Limited (stock code: 8258), which is a company listed on the Growth Enterprise Market of the Stock Exchange.

Mr. Li Yuanrui (李元瑞), aged 72, was appointed as an independent non-executive Director in January 2007, and he was appointed as a deputy director and director of Food Technology Department in Northwest Agriculture University (西北農業大學) which was renamed as Northwest A&F University (西北農林科技大學) from 1989 to 2000. From 1989, Mr. Li has been appointed as the member of Teaching Guidance Committee of 2nd China Senior Agriculture University (第二屆全國高等農業院校教學指導委員會食品科學與工程學科組成員), member of University and Undergraduate Teaching Valuation Expert Team of China Education (國家教育部高校本科教學工作水平評價專家組成員), member of invite and bid expert team of Farm Produce Process of the tenth Five Year of Ministry of China Technology (國家科技部"十五"農產品深加工專案招、投標評估專家組成員), member of Fund Valuation of Agriculture Technology Production (農業科技成果轉化資金評審組成員), member of Agriculture Development Expert Team of China Ministry of Finance (國家財政部農業綜合開發專案評審專家組成員), director of Process and Storage of Agriculture Production of China Agriculture Committee (中國農學會農產品加工貯藏委員會常務理事), deputy chairman of Food Science and Technology Committee in Shaanxi (陝西食品科學技術學會副理事長), director of Shaanxi Food Industry Committee (陝西省食品工業協會理事), member of Expert Consultant Team of Shaanxi Food Industry (陝西省食品工業專家諮詢組成員), member of Industry Valuation Expert Team of Shaanxi Important High Technology (陝西省重大高新技術產業化評估專家組成員). Mr. Li was awarded a Special Allowance by the State Council in 1993. He has 4 books and 76 academic theses in publication. In 2008, he obtained a letter of patent named "a method for detecting galacturonic acid in juice and drink" (一種測定果汁、飲料中半乳糖醛酸方法) (Patent No. ZL200410073309x).

Mr. Chan Bing Chung (陳秉中), aged 45, was appointed as an independent non-executive Director, chairman of audit committee and members of nomination committee and remuneration committee of the Company on 8 April 2013. Mr. Chan graduated from City Polytechnic of Hong Kong with a bachelor's degree of arts in 1993. Mr. Chan is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Chan is a director and founder of JP Union & Co., an accounting firm in Hong Kong. Prior to joining the Company, Mr. Chan was the company secretary and qualified accountant of Hidili Industry International Development Limited (stock code: 1393), a company listed on the main board of the Stock Exchange, during the period between July 2007 and September 2008. Mr. Chan also has approximately 17 years of experience in financial auditing, internal control reporting and compliance advisory with various local and international audit firms. Mr. Chan was an independent non-executive director of Newtree Group Holdings Limited (stock code: 1323) from 17 December 2010 to 15 May 2012.

SENIOR MANAGEMENT

Mr. Terence Sin Yuen Ko (單阮高), aged 42, is the company secretary of the Group. Mr. Sin is a member of Hong Kong Institute of Certified Public Accountants and fellow member of Association of Chartered Certified Accountants. He had worked with several Hong Kong accounting firms and PricewaterhouseCoopers prior to joining the Group in January 2005. Mr. Sin received a bachelor degree of business administration from Hong Kong Lingnan University in 1999.

Corporate Governance Report

INTRODUCTION

The Company is committed to adhere to the regulatory standards of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), improving the corporate governance structure and performing the obligations as set out in the Corporate Governance Code during the year (the "Code") contained in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange. The daily activities were carried out fully pursuant to the established governance policies. The Company has complied, saved for the deviation discussed below, with the principles and provisions as set out in the code provisions contained in the Code by establishing formal and transparent procedures to protect and maximise the interests of shareholders of the Company during the year under review:

Code provision A.2.1 provides that the roles of the chairman and chief executive officer (or chief executive) to be performed by different individuals (the "First Deviation"). At present, the Company does not have a competent candidate for the position of chief executive officer. 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.

Code provision A.6.7 (the "Second Deviation") providing for the independent non-executive Directors of the Company to, inter alia, attend general meetings. 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 Second Deviation and the Third Deviation, the Chairman and two independent non-executive Directors were absent from the last annual general meeting of the Company held on 24 May 2013 due to their other important engagement at the relevant time.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings throughout the year ended 31 December 2013.

BOARD OF DIRECTORS AND BOARD MEETING

The Board comprises of 7 Directors, including 4 executive Directors and 3 independent non-executive Directors. Details of the backgrounds and qualifications of the Directors are set out in the section headed "Directors and Senior Management" in this annual report. All Directors give sufficient time and attention to the Group's affair.

Save as disclosed in the section headed "Directors and Senior Management" to this annual report, the Directors have no other financial, business, family or other material/relevant relationships with one another.

The Board held four board meetings during the year under review. At the meeting, the Directors discussed and formulated overall strategies for the Group, monitored financial performance and discussed the annual and interim results, as well as other significant matters. The attendance record of each member of the Board is set out below:

Directors	**Attendance/Number of Board Meetings**
Executive Directors	
Mr. Gao Liang *(Chairman)*	4/4
Mr. Li Bing (resigned on 8 April 2013)	1/1
Mr. Zhang Xiang	4/4
Mr. Ding Li	4/4
Mr. Zhao Chongjun (appointed on 8 April 2013)	3/3
Independent non-executive Directors	
Mr. Zhao Boxiang	4/4
Mr. Li Yuanrui	4/4
Mr. Lo Wai Tat, Andrew (resigned on 8 April 2013)	0/1
Mr. Chan Bing Chung (appointed on 8 April 2013)	2/3

The Board is responsible for corporate strategy, annual and interim results, succession planning, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specially delegated by the Board to the management include the preparation of annual and interim accounts for the Board's approval before publication, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

At present, the Company does not have a competent candidate for the position of Chief Executive Officer. 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.

Under the Company's articles of association ("Articles of Association"), at each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director (including those appointed for a specific team) shall be subject to retirement by rotation at least once every three years at the general meeting. There are no provisions relating to retirement of Directors upon reaching any age limit.

Under the Articles of Association, the Directors, including the non-executive Directors, are subject to retirement, rotation and re-election at annual general meetings. The term of the appointment of each of the independent non-executive Directors is three years.

In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, the Company has appointed three independent non-executive Directors, representing at least one-third of the Board. The Board considers that all independent non-executive Directors have appropriate and sufficient industry or accounting experience and qualifications to carry out their duties so as to protect the interests of the Shareholders.

The Company has received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and hence the Company still considers the independent non-executive Directors to be independent.

Pursuant to code provision A.6.5, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the Year, all Directors have participated in continuous professional development by attending seminars or trainings or studying relevant materials on the topics related to corporate governance and regulations. The Directors confirmed that they have complied with code provision A.6.5.

REMUNERATION COMMITTEE

The remuneration committee was established in October 2005 with written terms of reference in compliance with the Code. During the Year, the Chairman was Mr. Zhao Boxiang and other members were Mr. Li Yuanrui, Mr. Chan Bing Chung (appointed on 8 Apirl 2013) and Mr. Lo Wai Tat, Andrew (resigned on 8 April 2013). All of the members were independent non-executive Directors.

The role and function of the remuneration committee included the determination of, with delegated responsibility, the remuneration packages of all executive Directors, including benefits in kind, pension rights and compensation payments, any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board of the remuneration of non-executive Directors. The remuneration committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration.

The remuneration committee held 2 meetings during the year ended 31 December 2013 to review the terms of employment of the executive Directors and the terms of appointment of the independent non-executive Directors. Details of the attendance of the remuneration committee meetings are as follows:

Directors	Attendance/Number of Remuneration Committee Meetings
Mr. Zhao Boxiang *(Chairman)*	2/2
Mr. Li Yuanrui	2/2
Mr. Lo Wai Tat, Andrew (resigned on 8 April 2013)	0/0
Mr. Chan Bing Chung (appointed on 8 April 2013)	2/2

The remuneration committee of the Company considers that the existing terms of employment of the executive Directors and appointment terms of the independent non-executive Directors are fair and reasonable.

NOMINATION COMMITTEE

The Company established a nomination committee on 29 March 2012 with written terms of reference in compliance with the Code. During the Year, the nomination committee comprised of four members, Mr. Gao Liang, Mr. Zhao Boxiang, Mr. Li Yuanrui, Mr. Chan Bing Chung (appointed on 8 April 2013) and Mr. Lo Wai Tat, Andrew (resigned on 8 April 2013). The chairman of the nomination committee is Mr. Gao Liang.

The role and function of the nomination committee included the review of structure, size and composition of the Board, making recommendations on any proposed changes to the Board, and to consider the past performance and qualifications of Directors, general market conditions and the Articles of Association in selecting and recommending candidates for directorship.

The nomination committee held 2 meetings during the year ended 31 December 2013 to review the annual confirmation of independence submitted by the independent non-executive Directors and assessing their independence; review the structure, size and composition of the Board, making recommendations on the change of Board members and reviewing the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy. Details of the attendance of the nomination committee meetings are as follows:

Directors	Attendance/Number of Nomination Committee Meetings
Mr. Gao Liang *(Chairman)*	2/2
Mr. Zhao Boxiang	2/2
Mr. Li Yuanrui	2/2
Mr. Lo Wai Tat, Andrew (resigned on 8 April 2013)	0/0
Mr. Chan Bing Chung (appointed on 8 April 2013)	1/2

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the Code. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of the Group. The audit committee comprised of three members, Mr. Chan Bing Chung (appointed on 8 April 2013), Mr. Zhao Boxiang, Mr. Li Yuanrui and Mr. Lo Wai Tat, Andrew (resigned on 8 April 2013). All of them were independent non-executive Directors. The chairman of the audit committee was Mr. Lo Wai Tat, Andrew (resigned on 8 April 2013) up to 8 April 2013 and Mr. Chan Bing Chung (appointed on 8 April 2013) from 8 April 2013.

The audit committee held two meetings during the year under review. Details of the attendance of the audit committee meetings are as follows:

Members	Attendance/Number of Meetings
Mr. Chan Bing Chung *(Chairman)* (appointed on 8 April 2013)	2/2
Mr. Lo Wai Tat, Andrew *(Chairman)* (resigned on 8 April 2013)	0/0
Mr. Zhao Boxiang	2/2
Mr. Li Yuanrui	2/2

The Group's audited annual results for the year ended 31 December 2013 and the unaudited interim results for the six months ended 30 June 2013 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

AUDITORS' REMUNERATION

For the year ended 31 December 2013, the total fees paid or payable in respect of audit service provided by the Group's external auditor, Deloitte Touche Tohmatsu, amounted to RMB1,100,000.

DIRECTORS AND AUDITORS RESPONSIBILITIES FOR ACCOUNTS

The responsibilities of the Directors for the accounts and the responsibilities of the external auditors to the shareholders are set out on page 29.

INTERNAL CONTROL

The Board has overall responsibility for maintaining sound and effective internal control systems to safeguard the Group's assets and shareholders' interests, as well as reviewing the effectiveness of these systems. The Board conducts regular reviews of the Group's internal control system. The system is designed to provide reasonable, but not absolute, assurance against misstatement or loss, and to manage risks of failure in the Group's operational system.

The system includes a well-established organizational structure with clearly defined lines of responsibility and authority, which is designed to safeguard assets from inappropriate use, maintain proper accounts and ensure compliance with regulations.

The Board monitored the Group's progress on corporate governance practices throughout the year under review. Periodic meetings were held to discuss financial, operational and risk management control issues and to ensure awareness of good corporate governance practices.

COMPANY SECRETARY

As at 31 December 2013, the company secretary of the Company, Mr. Terence Sin Yuen Ko, fulfills the requirement under Rules 3.28 and 3.29 of the Listing Rules. As an employee of the Company, the company secretary supports the Board, ensures good information flow within the Board and Board policy and procedures are followed; advises the Board on governance matters, facilitates induction and, monitors the training and continuous professional development of Directors. He has attained not less than 15 hours of relevant professional training during the period under review. His biography is set out in the "Directors and Senior Management" section of this annual report.

COMMUNICATION WITH SHAREHOLDERS

The Company places high priority in establishing effective communications with its shareholders and investors. To promote and enhance investor relations and communications, the Company has established and maintained communication channels with the media, analysts and fund managers through one-on-one meetings, road shows and conference. Press conference is held subsequent to the final results announcement at which the executive Directors and the Chief Financial Officer of the Company avail themselves to questions regarding the Group's operational and financial performances. Maintaining regular dialogues with institutional investors, potential institutional investors, fund manager, shareholders and analysts to keep them abreast of the Company's development is regarded as significance by the Group.

The Company provides information relating to the Company and its business in its annual report and also disseminates such information electronically through its website at www.chinahaisheng.com.

The Company regards the annual general meeting as an important event as it provides an opportunity for direct communications between the Board and its shareholders. All Directors, senior management and external auditors make an effort to attend the annual general meeting of the Company to address shareholders' queries. All the shareholders of the Company are given a minimum of 20 clear business days' notice of the date and venue of the annual general meeting of the Company. The Company supports the Code's principle to encourage shareholders' participation.

A Shareholders' communication policy (the "Policy") was adopted by the Company in March 2012 to maintain an on-going dialogue with Shareholders and encourage them to communicate actively with the Company and also establishing the Policy and reviewing the Policy on a regular basis to ensure its effectiveness.

SHAREHOLDERS' RIGHTS

Right to convene extraordinary general meeting

In accordance with article 58 of the articles of association of the Company, the Shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to the requisitionists by the Company.

Right to put forward proposals at general meetings

There are no provisions allowing Shareholders to move new resolutions at the general meetings under the Cayman Islands Companies Law (as amended from time to time). However, pursuant to the Articles, Shareholders who wish to move a resolution may by means of requisition convene an extraordinary general meeting following the procedure set out above.

Right to put enquiries to the Board

Shareholders may at any time send their written enquiries or requests in respect of their rights to the principal place of business of the Company in Hong Kong at Room B, 3/F., Eton Building, 288 Des Voeux Road Central, Central, Hong Kong, for the attention of the Board.

INVESTORS RELATIONS

There was no significant change in the Company's constitutional documents during the year ended 31 December 2013.

Directors' Report

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Group's principal activities are manufacture and sale of fruit juice concentrate and other related products. The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 39 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2013 are set out in the consolidated statement of profit or loss and other comprehensive income on page 30 of this annual report. The Board does not recommend any payment of a final dividend for the year ended 31 December 2013.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group incurred capital expenditure of RMB83.7 million in the acquisition of property, plant and equipment which mainly comprised building and plant and machinery. Details of movements in the property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority equity of the Group for the year ended 31 December 2013 and the past four financial years is set out on page 3 of this annual report. This summary does not form a part of the audited consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 26 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution represent the share premium, contributed surplus and accumulated profits which in aggregate amounted to approximately RMB639.4 million as at 31 December 2013. Under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its memorandum and articles of association and provided that immediately following the distribution or dividend the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Articles of Association, dividends shall be distributed out of the retained profits or other reserves, including the share premium account, of the Company.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

DIRECTORS

The Directors during the year under review were:

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

Pursuant to Article 87(1), Mr. Li Yuanrui, Mr. Gao Liang and Mr. Zhao Boxiang will retire by rotation; will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company. The independent non-executive Directors are subject to retirement by rotation in the same manner as the executive Directors. The biographical details of the Directors are set out on pages 12 to 13 of this annual report.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

Mr. Gao Liang has entered into a service agreement with the Company for a term of three years commencing from 19 October 2008. Mr. Gao has signed a service contract with the Company for a term of three years (subject to the termination provisions of the service contract) commencing from 19 October 2011, Mr. Zhang Xiang, Mr. Ding Li and Mr. Zhao Chongjun have entered into service agreement with the Company for a term of three years commencing from 10 July 2012, 7 September 2012 and 8 April 2013 respectively.

Mr. Zhao Boxiang has entered into a letter of appointment with the Company for an initial term of three years commencing from 19 October 2005 and has entered into a renewal letter of appointment with the Company for a term of three years on 19 October 2008. Mr. Li Yuanrui and Mr. Chan Bing Chung have entered into letter of appointment with the Company for an initial term of three years commencing from 19 January 2007 and 8 April 2013 respectively. The Company intends to enter into a new letter of appointment with Mr. Zhao Chongjun and Mr. Li Yuanrui.

Save as disclosed above, none of the Directors proposed for re-election at the forthcoming annual general meeting has entered into a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company, or any of its holding companies, subsidiaries, or fellow subsidiaries, was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year under review was the Company, its holding company or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors, their respective spouse or minor children to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or in any other body corporate.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year under review.

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. 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 shares 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 year ended 31 December 2013:

Date of grant	Vesting period	Exercise price HK$	Exercisable period	Outstanding at 1.1.2013	Forfeited during the year	Lapsed during the year	Outstanding at 31.12.2013
4.7.2011	4.7.2011 to 3.1.2012	0.99	4.1.2012 to 3.7.2014	9,200,000	(400,000)	(800,000)	8,000,000
4.7.2011	4.7.2011 to 3.7.2012	0.99	4.7.2012 to 3.7.2014	9,200,000	(400,000)	(800,000)	8,000,000
3.3.2008	3.3.2008 to 2.3.2009	2.012	3.3.2009 to 2.3.2013	11,444,000	–	(11,444,000)	–
3.3.2008	3.3.2008 to 2.3.2010	2.012	3.3.2010 to 2.3.2013	4,516,000	–	(4,516,000)	–
				34,360,000	(800,000)	(17,560,000)	16,000,000
Exercisable at 31 December 2013							16,000,000

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 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 (Note 1)	36.43%
Mr. Zhang Xiang	The Company	Beneficial owner	1,300,000 Shares (Note 2)	0.10%
Mr. Zhao Chongjun	The Company	Beneficial owner	800,000 Shares (Note 2)	0.06%

Notes:

1. As at 31 December 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.

2. The shares are the underlying shares granted under the share option scheme of the Company.

Save as disclosed above, as at 31 December 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 31 December 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 (Note 1)	36.43%
Goldman Sachs & Co.	The Company	Interest of controlled corporation	232,344,000 Shares (Note 2)	18.44%
The Goldman Sachs Group, Inc	The Company	Interest of controlled corporation	232,344,000 Shares (Note 2)	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, an executive Director.

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 31 December 2013.

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 year ended 31 December 2013.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is established by the Human Resources Division on the basis of their merit, qualifications and competence and reviewed by the remuneration committee of the Group. The emoluments of the Directors are decided by the remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers accounted for approximately 40.9% of the Group's total turnover and the largest customer accounted for approximately 11% of the Group's total turnover for the year 2013. The five largest suppliers accounted for approximately 22.2% of the Group's total purchases and the largest supplier accounted for approximately 5.6% of the Group's total purchases for the year 2013.

None of the Directors, their associates, or any shareholder which to the knowledge of the Directors own more than 5% of the Company's issued share capital has any interest in the Group's five largest suppliers or the Group's five largest customers.

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Group as at 31 December 2013 are set out in note 24 to the consolidated financial statements.

DIRECTORS' INTERESTS IN 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.

CORPORATE GOVERNANCE

Details of corporate governance are set out in the section headed "Corporate Governance Report" in this annual report.

AUDIT COMMITTEE

The Company's audit committee comprised of three independent non-executive directors, namely Mr. Chan Bing Chung *(Chairman)*, Mr. Zhao Boxiang and Mr. Li Yuanrui, with written terms of reference in compliance with the Corporate Governance Code.

The audit committee has reviewed and discussed the audited final results for the year ended 31 December 2013.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2013.

EVENTS AFTER THE REPORTING PERIOD

In January 2014, the Group completed the disposal of 100% equity interests in Laiyang Yi-Tian Juice Co., Ltd at a consideration of RMB26,000,000. The consideration has been settled in full and a gain of approximately RMB10,817,000 has been recognized subsequently after the end of the reporting period.

AUDITORS

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board
China Haisheng Juice Holdings Co., Ltd.
Mr. Gao Liang
Chairman

Xian, the PRC, 26 March 2014

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the annual general meeting ("**Meeting**") of China Haisheng Juice Holdings Co., Ltd. ("**Company**") will be held at 10:00 a.m. on Friday, 16 May 2014 at Pacific Room, 2/F., Island Pacific Hotel, 152 Connaught Road West, Hong Kong for the following purposes:

1. To receive and adopt the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors ("**Directors**") and auditors ("**Auditors**") of the Company for the year ended 31 December 2013;

2. A. To re-elect Mr. Gao Liang as an executive Director;

   B. To re-elect Mr. Zhao Boxiang as an independent non-executive Director; and

   C. To re-elect Mr. Li Yuanrui as an independent non-executive Director;

3. To authorise the board of Directors to fix the Directors' remuneration;

4. To re-appoint Deloitte Touche Tohmatsu as Auditors and to authorise the board of Directors to fix their remuneration;

5. As special business, to consider and if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

A. "**THAT**:

(a) subject to paragraph (c) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional shares ("**Shares**") or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements and/or options which might require the exercise of such powers be and is hereby generally and unconditionally approved;

(b) the approval given in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and/or options which might require the exercise of such powers after the end of the Relevant Period;

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval given in paragraph (a) of this Resolution, otherwise than pursuant to:

(i) a Rights Issue (as hereinafter defined);

(ii) the exercises of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into Shares;

(iii) the exercises of the subscription rights under any option scheme or similar arrangement for the time being adopted for the grant or issue to eligible persons of Shares or rights to acquire Shares; or

(iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company,

shall not exceed the aggregate of:

(1) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and

(2) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of such resolution),

and the approval granted under paragraph (a) of this Resolution shall be limited accordingly; and

(d) for the purposes of this Resolution:

"**Relevant Period**" means the period from the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands to be held; and

(iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

"**Rights Issue**" means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the Directors to holders of Shares whose names stand on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Company)."

B. "**THAT**:

(a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase the Shares or securities convertible into Shares on the Stock Exchange of Hong Kong Limited ("**Stock Exchange**") or any other stock exchange on which the Shares may be listed and recognised for this purpose by the Securities and Futures Commission of Hong Kong ("**Securities and Futures Commission**") and the Stock Exchange under the Hong Kong Code on Share Buy-backs, subject to and in accordance with all applicable laws and regulations and the Rules Governing the Listing of Securities on the Stock Exchange, be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of Shares which may be repurchased by the Company pursuant to the approval in paragraph (a) of this Resolution during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this Resolution and the approval granted under paragraph (a) of this Resolution shall be limited accordingly; and

Notice of Annual General Meeting

(c) for the purposes of this resolution, "**Relevant Period**" means the period from the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands to be held; and

(iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting."

C. "**THAT**, conditional upon the passing of the Resolutions 5A and 5B as set out in the notice convening the Meeting, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with additional securities pursuant to Resolution 5A as set out in the notice convening the Meeting be and is hereby extended by the addition thereto an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution 5B as set out in the notice convening the Meeting, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of such securities of the Company in issue on the date of passing of this Resolution."

Xi'an, the PRC, 11 April 2014

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

Notes:

1 Any member entitled to attend and vote at the Meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a member of the Company.

2 In order to be valid, a form of proxy, together with a power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority must be delivered to Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time for holding the meeting or adjourned meeting thereof or taking the poll.

3. The register of members of the Company will be closed from 14 May 2014 to 16 May 2014 (both dates inclusive), during which period no transfers of Shares will be effected. In order to qualify for the entitlement to attend and vote at the Meeting, all transfer of Shares, accompanied by the relevant share certificates, must be lodged with Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 13 May 2014.

4. Where there are joint holders of any Share, any one of such persons may vote at the Meeting, either in person or by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders be present at the Meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.

5. Please refer to Appendix I to the circular of the Company dated 11 April 2014 for the details of the retiring Directors subject to re-election at the Meeting.

6. An explanatory statement regarding the general mandate of the repurchase of Shares sought in the above Resolution 5B is set out in Appendix II to the circular of the Company dated 11 April 2014.

7. Members of the Company who attend the Meeting shall be responsible for their own travel and accommodation expenses.

Independent Auditor's Report

TO THE SHAREHOLDERS OF
CHINA HAISHENG JUICE HOLDINGS CO., LTD.
中國海升果汁控股有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Haisheng Juice Holdings Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 80, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2013, and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 March 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013

	NOTES	2013 RMB'000	2012 RMB'000
Revenue	7	**1,669,210**	1,918,330
Cost of sales		**(1,461,896)**	(1,702,910)
Gross profit		**207,314**	215,420
Other income	8	**86,502**	37,483
Other gains and losses	9	**(11,008)**	(6,894)
Distribution and selling expenses		**(141,582)**	(125,684)
Administrative expenses		**(91,290)**	(92,373)
Other expenses		**(2,365)**	(1,697)
Finance costs	10	**(100,402)**	(78,616)
Loss before tax		**(52,831)**	(52,361)
Income tax expense	11	**(3,367)**	(3,764)
Loss for the year	12	**(56,198)**	(56,125)
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(230)**	(20)
Other comprehensive expense for the year		**(230)**	(20)
Total comprehensive expense for the year		**(56,428)**	(56,145)
Loss for the year attributable to:			
Owners of the Company		**(56,041)**	(55,918)
Non-controlling interests		**(157)**	(207)
		(56,198)	(56,125)
Total comprehensive expense attributable to:			
Owners of the Company		**(56,271)**	(55,938)
Non-controlling interests		**(157)**	(207)
		(56,428)	(56,145)
Loss per share, basic and diluted (RMB cents)	15	**(4.45)**	(4.44)

Consolidated Statement of Financial Position

At 31 December 2013

	NOTES	2013 RMB'000	2012 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**1,337,719**	1,365,039
Prepaid lease payments	17	**89,538**	85,672
Biological assets	18	**38,895**	–
Deposit paid for purchase of property, plant and equipment		**–**	6,786
		1,466,152	1,457,497
CURRENT ASSETS			
Inventories	19	**1,278,042**	1,852,390
Trade and other receivables	20	**256,972**	435,537
Bills receivables	20	**5,795**	–
Amounts due from related companies	21	**164**	1,178
Prepaid lease payments	17	**2,439**	2,509
Tax recoverable		**396**	–
Pledged bank deposits	22	**22,657**	21,044
Bank balances and cash	22	**182,906**	77,924
		1,749,371	2,390,582
Assets classified as held for sale	37	**15,526**	–
		1,764,897	2,390,582
CURRENT LIABILITIES			
Trade and other payables	23	**283,513**	1,416,086
Bills payables	23	**31,768**	5,320
Tax liabilities		**2,327**	2,008
Dividend payable to non-controlling shareholders of a subsidiary		**63**	63
Bank and other borrowings-due within one year	24	**1,402,183**	1,176,467
Obligation under finance lease	25	**50,684**	47,801
		1,770,538	2,647,745
Liabilities associated with assets classified as held for sale	37	**343**	–
		1,770,881	2,647,745
NET CURRENT LIABILITIES		**(5,984)**	(257,163)
		1,460,168	1,200,334

Consolidated Statement of Financial Position

At 31 December 2013

	NOTES	2013 RMB'000	2012 RMB'000
CAPITAL AND RESERVES			
Share capital	26	**13,039**	13,039
Reserves	28	**949,233**	1,005,504
Equity attributable to owners of the Company		**962,272**	1,018,543
Non-controlling interests		**2,147**	2,304
Total equity		**964,419**	1,020,847
NON-CURRENT LIABILITIES			
Bank and other borrowings-due after one year	24	**450,000**	84,000
Obligation under finance lease	25	**33,065**	82,245
Deferred tax liabilities	29	**12,684**	13,242
		495,749	179,487
		1,460,168	1,200,334

The consolidated financial statements on pages 30 to 80 were approved and authorised for issue by the board of directors on 26 March 2014 and are signed on its behalf by:

DIRECTOR *DIRECTOR*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Share capital RMB'000	Share premium RMB'000	Share options reserve RMB'000 (Note 27)	Special reserve RMB'000 (Note 28)	Translation reserve RMB'000	Statutory surplus reserve RMB'000 (Note 28)	Other reserve RMB'000 (Note 28)	Accumulated profits RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2012	13,039	202,327	17,389	258,722	(999)	131,208	(1,087)	477,653	1,098,252	2,511	1,100,763
Exchange difference arising on translation	–	–	–	–	(20)	–	–	–	(20)	–	(20)
Loss for the year	–	–	–	–	–	–	–	(55,918)	(55,918)	(207)	(56,125)
Total comprehensive expense for the year	–	–	–	–	(20)	–	–	(55,918)	(55,938)	(207)	(56,145)
Recognition of equity-settled share-based payments	–	–	1,429	–	–	–	–	–	1,429	–	1,429
Lapse of share options	–	–	(763)	–	–	–	–	763	–	–	–
Dividend recognised as distribution (note 14)	–	–	–	–	–	–	–	(25,200)	(25,200)	–	(25,200)
Appropriated from accumulated profits	–	–	–	–	–	10,092	–	(10,092)	–	–	–
At 31 December 2012	13,039	202,327	18,055	258,722	(1,019)	141,300	(1,087)	387,206	1,018,543	2,304	1,020,847
Exchange difference arising on translation	**–**	**–**	**–**	**–**	**(230)**	**–**	**–**	**–**	**(230)**	**–**	**(230)**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(56,041)**	**(56,041)**	**(157)**	**(56,198)**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(230)**	**–**	**–**	**(56,041)**	**(56,271)**	**(157)**	**(56,428)**
Lapse of share options	**–**	**–**	**(7,791)**	**–**	**–**	**–**	**–**	**7,791**	**–**	**–**	**–**
Appropriated from accumulated profits	**–**	**–**	**–**	**–**	**–**	**8,064**	**–**	**(8,064)**	**–**	**–**	**–**
At 31 December 2013	**13,039**	**202,327**	**10,264**	**258,722**	**(1,249)**	**149,364**	**(1,087)**	**330,892**	**962,272**	**2,147**	**964,419**

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	NOTES	2013 RMB'000	2012 RMB'000
OPERATING ACTIVITIES			
Loss before tax		**(52,831)**	(52,361)
Adjustments for:			
Allowances for inventories		**–**	33,368
Direct write-off of inventories		**356**	446
Reversal of allowance for inventories		**(33,368)**	(15)
Depreciation of property, plant and equipment		**92,238**	97,007
Finance costs		**100,402**	78,616
Interest income		**(810)**	(2,292)
Loss on disposal of property, plant and equipment		**10,223**	206
Gain on disposal of land use right		**(1,771)**	–
Share-based payment expense		**–**	1,429
Gain arising from changes in fair value less costs to sell of biological assets		**(1,070)**	–
Release of prepaid lease payments		**2,222**	2,238
Operating cash flows before movements in working capital		**115,591**	158,642
Decrease (increase) in inventories		**609,215**	(307,458)
Decrease (increase) in trade and other receivables		**193,837**	(51,865)
Increase in bills receivables		**(5,795)**	–
(Decrease) increase in trade and other payables		**(1,238,624)**	20,272
Increase in bills payables		**26,448**	1,673
Cash used in operations		**(299,328)**	(178,736)
Income tax paid		**(4,002)**	(2,073)
NET CASH USED IN OPERATING ACTIVITIES		**(303,330)**	(180,809)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(79,878)**	(90,827)
Payment for land use right		**(13,083)**	(1,421)
Placement of pledged bank deposits		**(15,507)**	(12,799)
Addition to biological assets		**(11,978)**	–
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	36	**(832)**	–
Advances to related companies		**(90)**	(50,030)
Interest received		**750**	1,144
Repayment from related companies		**1,164**	50,000
Proceeds on disposal of land use right		**4,070**	–
Withdrawal of pledged bank deposits		**13,894**	16,924
Proceeds on disposal of property, plant and equipment		**14,708**	1,489
Deposit received from disposal of a subsidiary	37	**21,000**	–
NET CASH USED IN INVESTING ACTIVITIES		**(65,782)**	(85,520)

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	NOTES	2013 RMB'000	2012 RMB'000
FINANCING ACTIVITIES			
New bank and other borrowings and finance lease raised		**2,577,462**	1,843,280
Repayment of bank and other borrowings and finance lease		**(2,026,525)**	(1,553,616)
Interests paid on bank and other borrowings and finance lease		**(76,496)**	(77,674)
Dividend paid		**–**	(25,200)
NET CASH FROM FINANCING ACTIVITIES		**474,441**	186,790
Net INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**105,329**	(79,539)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**77,924**	157,463
		183,253	77,924
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by:			
Bank balances and cash		**182,906**	77,924
Cash and cash equivalents included in assets classified as held for sale	37	**347**	–
		183,253	77,924

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

1. GENERAL

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 annual report.

The Company is an investment holding company while its subsidiaries are principally engaged in (i) the manufacture and sale of fruit juice concentrate and related products and (ii) plantation and sale of apples and other fruits and production and sale of feed.

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. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and revised Standards and Interpretations applied in the current year

In the current year, the Group has adopted the following new and revised IFRSs issued by the International Accounting Standards Board ("IASB").

Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle
Amendments to IFRS 7	Disclosures-Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 19 (as revised in 2011)	Employee Benefits
IAS 27 (as revised in 2011)	Separate Financial Statements
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
IFRIC-Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

IFRS 13 "Fair Value Measurement"

The Group has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of IFRS 13 is broad: the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 "Share-based Payment", leasing transactions that are within the scope of IAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Continued)

IFRS 13 "Fair Value Measurement" (Continued)

IFRS 13 requires prospective application. In accordance with the transitional provisions of IFRS 13, the Group has not made any new disclosures required by IFRS 13 for the 2012 comparative period (please see note 18 for the 2013 disclosures). Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"

The Group has applied the amendments to IAS 1 "Presentation of Items of Other Comprehensive Income". Upon the adoption of the amendments to IAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income". The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis-the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

New and revised IFRSs issued but not yet effective

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities[1]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[2]
IFRS 9	Financial Instruments[3]
IFRS 14	Regulatory Deferral Accounts[5]
IFRIC 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Available for application-the mandatory effective date will be determined when the outstanding phases of IFRS 9 are finalised
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
5 Effective for first annual IFRS financial statements beginning on or after 1 January 2016

The directors of the Company anticipate that the application of the new and revised IFRSs will have no material impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for biological assets that are measured at fair values at the end of the reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebate and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Biological assets

Biological assets mainly consist of infant trees in the Group's plantations in the PRC. They are measured on initial recognition and at the end of the reporting period at their fair value less costs to sell, with any resulting gain or loss recognised in profit or loss for the year in which it arises. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes.

Expenditures that are attributable to the biological growth of infant trees, such as depreciation charge and cost of fertilisers and pesticides, are recognised as additions to biological assets until the stage such infant trees start bearing fruits.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods, or for administrative purposes (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets, other than construction in progress, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified into the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Buildings under development for future owner-occupied purpose

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of construction in progress. Construction in progress are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Sale and leaseback resulting in a finance lease

If a sale and leaseback transaction that results in a finance lease, any excess of sales proceeds over the carrying amount is deferred and amortised over the lease term. If the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, no adjustment is necessary unless there has been an impairment in value, in which case the carrying amount is reduced to recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of the reporting period. income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Grants relating to biological assets

An unconditional government grant related to a biological asset measured at its fair value less costs to sell is recognised in profit or loss when, and only when, the government grant becomes receivable. If a government grant related to a biological asset measured at its fair value less costs to sell is conditional, the Group recognises the government grant in profit or loss when, and only when, the conditions attaching to the government grant are met.

Other grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefits costs

Payments to defined contribution retirement schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on assets

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related companies, pledged bank deposits, and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period ranged from 30 to 90 days and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities including trade and other payables, bills payables, dividend payable to non-controlling shareholders of a subsidiary and bank and other borrowings are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment transactions

Equity-settled share-based payment transactions

share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

when share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to the accumulated profits.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of matured fruit trees and infant trees

The Group's matured fruit trees and infant trees are valued at fair value less costs to sell. The fair value of matured fruit trees and infant trees is determined based on either the market-determined prices as at the end of the reporting period adjusted with reference to the species, age, growing condition, purchase price of infant trees costs incurred and expected yield of the fruit to reflect differences in characteristic and/or stages of growth of the matured fruit trees and infant trees; or the present value of expected net cash flows from the matured fruit trees discounted at a current market-determined rate, when market-determined prices are unavailable. Any change in the estimates may affect the fair value of the fruit trees significantly. The independent qualified professional valuer and management review the assumptions and estimates periodically to identify any significant change in the fair value of matured fruit trees and infant trees. Details of assumptions used are disclosed in note 18.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment loss review on property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. These carrying amounts are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The review comprises a comparison of the carrying amount and recoverable amount of the property, plant and equipment and hence involves consideration of the value in use. The cash flows used in the value in use calculation are based on the most up-to-date budgets and plans formally approved by management covering a 5-year period and are based on reasonable and supportable assumptions. For impairment assessment as at 31 December 2013, discount rate of 11% (2012: 11%) has been used. No impairment loss on property, plant and equipment was recognised in 2013 and 2012. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the property, plant and equipment to exceed the aggregate recoverable amount of property, plant and equipment. As at 31 December 2013, the carrying amount of property, plant and equipment is RMB1,337,719,000 (2012: RMB1,365,039,000).

Estimated impairment of trade receivables

The provision policy for doubtful debts of the Group is based on the ongoing evaluation of collectability and aging analysis of the outstanding receivables and on management's judgments. When there is objective evidence of impairment loss, the Group estimates the future cash flows to determine the impairment loss. A considerable amount of judgment is required in assessing the ultimate collection of these receivables, including creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, material amount of allowances may be required. The carrying amount of trade receivables as at 31 December 2013 is RMB103,397,000 (2012: RMB184,025,000), net of allowance for doubtful debts of RMB5,107,000 (2012: RMB5,107,000).

Write-down of inventories

The management reviews the aging of inventories at the end of the reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production nor saleable in the market. The management estimates the net realisable value for such items based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by-product basis and makes allowance for obsolete items. Where the actual future cash flows from sales are less than expected, a material allowance for inventory may arise. As at 31 December 2013, the carrying amount of inventories is RMB1,278,042,000 (2012: RMB1,852,390,000), net of allowance for inventories of RMB97,000 (2012: RMB33,465,000). During the year ended 31 December 2013, the Group has reversed allowance for inventories of RMB33,368,000 as these inventories are sold in 2013.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 24, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated profits.

The management of the Group reviews the capital structure regularly, taking into account the cost and risk associated with the capital. The Group will then balance its capital structure through payment of dividends, issue of new shares and/or new debt or extension or redemption of its existing debts.

6. FINANCIAL INSTRUMENTS

6a. Categories of financial instruments

	2013 RMB'000	2012 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**323,378**	287,081
Financial liabilities		
Amortised cost	**2,055,875**	2,626,677

6b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bills receivables, amounts due from related companies, pledged bank deposits, bank balances and cash, trade and other payables, bills payables, dividend payable to non-controlling shareholders of a subsidiary, bank and other borrowings and obligation under finance lease. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 54% (2012: 54%) of the Group's sales are denominated in foreign currency, United States dollar ("USD").

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
USD	**415,126**	297,781	**139,417**	166,670

The Group does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

6. FINANCIAL INSTRUMENTS (Continued)

6b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis

The Group is mainly exposed to the fluctuation of USD against RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against USD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates a decrease in post-tax loss where RMB strengthen 5% against USD and vice versa.

	2013 **RMB'000**	2012 RMB'000
Loss for the year	**10,339**	4,917

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings (see note 24 for details), fixed-rate pledge bank deposits (see note 22 for details) and obligation under finance lease (see note 25 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank and other borrowings (see note 24 for details), amounts due from related companies (see note 21 for details) and bank balances (see note 22 for details) carried at prevailing interest rate. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate borrowings at the end of the reporting period. The analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2013 would increase/decrease by RMB2,339,000 (2012: RMB1,925,000). This is mainly attributable to the Group's exposure to the fluctuation of London Interbank Offered Rate ("LIBOR") and The People's Bank of China Base Lending Rate ("PBCBLR") on its variable-rate bank and other borrowings.

In the opinion of the directors, no sensitivity analysis is prepared for the interest rate risk for variable-rate bank balances and amounts due from related companies since the impact to the Group's result for 2013 and 2012 is not significant.

6. FINANCIAL INSTRUMENTS (Continued)

6b. Financial risk management objectives and policies (Continued)

Credit risk

As at 31 December 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 35.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In respect of financial guarantees provided to the suppliers, the Group will provide such guarantees to those suppliers only when the Group has trade payable due to them with amount greater than the financial guarantees granted and the legal right to offset with the financial guarantees. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has concentration of credit risk on trade receivables with exposure limited to certain counterparties and customers. As at 31 December 2013, the five largest customers accounted for approximately 18% (2012: 34%) of the Group's trade receivables. The five largest customers are located in United States of America (the "USA"), South Africa and Japan. These top five customers have good credit rating and repayment history. The Group's concentration of credit risk by geographical locations is mainly in North America, which accounted for 39% (2012: 64%) of the total trade receivables as at 31 December 2013. Apart from delegating a team for determining the credit limits, credit approval and other monitoring procedures on these customers, the Group had also explored new markets and new customers in order to minimise the concentration of credit risk.

Credit risk on bank balances and pledged bank deposits is limited because the counterparties are banks with good reputation. The Group does not have other significant concentration of credit risk on other receivables.

Liquidity risk

The Group had net current liabilities of RMB5,984,000 as at 31 December 2013. Included in bank and other borrowings due within one year, RMB175,000,000 are bank loans that are not repayable within one year from the end of the reporting period based on scheduled repayment dates but contain a repayable on demand clause. The directors do not believe that it is probable that the banks will exercise their discretionary rights to demand for repayment within one year. The directors of the Company are satisfied that with its existing resources, available unutilised banking facilities of RMB283,421,000 and estimated future cash flows, the Group will have sufficient working capital to meet in full its financial obligations as they fall due for the foreseeable future and be able to continue to operate with no significant financial difficulties.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensure compliance with loan covenants.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

6. FINANCIAL INSTRUMENTS (Continued)

6b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principle cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment terms.

2013

	Weighted average interest rate %	Less than 1 month or on demand RMB'000	1-3 months RMB'000	3 months to 1 year RMB'000	Over 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31.12.2013 RMB'000
Non-derivative financial liabilities							
Trade and other payables	–	51,559	68,744	51,558	–	171,861	171,861
Bills payables	–	31,768	–	–	–	31,768	31,768
Dividend payable to non-controlling shareholders of a subsidiary	–	63	–	–	–	63	63
Bank and other borrowings							
– fixed-rate	4.14	778,213	29,250	–	508,500	1,315,963	1,228,213
– variable-rate	4.98	623,970	–	–	–	623,970	623,970
Obligation under finance lease	5.84	–	13,731	41,193	36,693	91,617	83,749
		1,485,573	111,725	92,751	545,193	2,235,242	2,139,624

6. FINANCIAL INSTRUMENTS (Continued)

6b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

2012

	Weighted average interest rate %	Less than 1 month or on demand RMB'000	1-3 months RMB'000	3 months to 1 year RMB'000	Over 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31.12.2012 RMB'000
Non-derivative financial liabilities							
Trade and other payables	–	203,280	737,197	420,350	–	1,360,827	1,360,827
Bills payables	–	5,320	–	–	–	5,320	5,320
Dividend payable to non-controlling shareholders of a subsidiary	–	63	–	–	–	63	63
Bank and other borrowings							
– fixed-rate	4.41	745,964	–	–	–	745,964	745,964
– variable-rate	4.85	430,986	965	4,422	84,933	521,306	514,503
Obligation under finance lease	5.84	–	13,731	41,193	91,617	146,541	130,046
Financial guarantee contracts	–	601,647	–	–	–	601,647	–
		1,987,260	751,893	465,965	176,550	3,381,668	2,756,723

The amounts included above for financial guarantee contracts were the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if the amount was claimed by the counterparty to the guarantee. According to the financial guarantee contracts, the Group has legal right to offset the full guarantee amount against trade payables to its suppliers (see note 35 for details) upon default by the suppliers. Based on expectations at the end of the reporting period, the Group considered that it was more likely than not that no amount will be payable under the arrangement.

Bank and other borrowings with a repayment on demand clause are included in the "less than 1 month or on demand" time band in the above maturity analysis. As at 31 December 2013, the aggregate carrying amounts of these bank loans amounted to RMB1,402,183,000 (2012: RMB1,163,896,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks and financial institution will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank borrowings will be repaid within 1 to 3 years (2012: within 1 to 2 years) after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

6. FINANCIAL INSTRUMENTS (Continued)

6b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Bank and other borrowings subject to a repayment on demand clause based on scheduled repayments are as below:

	Weighted average effective interest rate %	Less than 1 month HK$	1-3 months HK$	3 months to 1 year HK$	Over 1 year HK$	Total undiscounted cash flows HK$	Total carrying amount HK$
At 31 December 2013							
– fixed-rate	**4.14**	**165,453**	**190,047**	**391,854**	**62,099**	**809,453**	**778,213**
– variable-rate	**4.98**	**103,888**	**220,865**	**196,400**	**125,146**	**646,299**	**623,970**
		269,341	**410,912**	**588,254**	**187,245**	**1,455,752**	**1,402,183**
At 31 December 2012							
– fixed-rate	4.41	3,448	245,745	404,873	114,001	768,067	745,964
– variable-rate	4.85	82,026	66,185	161,546	128,365	438,122	417,932
		85,474	311,930	566,419	242,366	1,206,189	1,163,896

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

6c. Fair value

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

7. REVENUE AND SEGMENT INFORMATION

The chief operating decision makers, which are the executive directors, regularly review revenue by locations of customers including North America, Asia, South Africa, Australia, Russia and Europe, and the consolidated statement of profit or loss and other comprehensive income to make decision about resources allocations and performance assessment. Loss for the year is the segment result 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. About 86% (2012: 90%) of revenue are generated from apple juice concentrate and related products.

7. REVENUE AND SEGMENT INFORMATION (Continued)

Geographic information

The Group's operations are mainly 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	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
North America	**807,856**	1,033,780	**55**	166
Asia	**499,767**	540,725	**1,466,097**	1,457,331
South Africa	**227,930**	160,202	**–**	–
Australia	**58,701**	76,118	**–**	–
Russia	**39,274**	47,163	**–**	–
Europe	**35,682**	60,342	**–**	–
	1,669,210	1,918,330	**1,466,152**	1,457,497

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2013	2012
	RMB'000	RMB'000
Customer A	**177,435**	241,081
Customer B	**168,581**	N/A[1]
Customer C	**168,113**	N/A[1]

[1] The corresponding revenue did not contribute over 10% of the total sales of the Group.

8. OTHER INCOME

	2013	2012
	RMB'000	RMB'000
PRC Government subsidies (note)	**61,195**	11,008
Bank interest income	**750**	1,144
Interest income on advances to related companies	**60**	1,148
Amortisation of deferred income (note 23)	**19,000**	19,000
Others	**5,497**	5,183
	86,502	37,483

Note: The subsidies from the PRC Government recognised by the Group in both years represent financial subsidies for encouraging the Group's export sales and the fruit juice concentrate business in the PRC. They were unconditional and determined at the sole discretion of the relevant PRC Government authorities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

9. OTHER GAINS AND LOSSES

	2013 RMB'000	2012 RMB'000
Net foreign exchange loss	**3,739**	6,688
Loss on disposal of property, plant and equipment	**10,223**	206
Gain on disposal of land use right	**(1,771)**	–
Gain arising from changes in fair value less costs to sell of biological assets	**(1,070)**	–
Other gains	**(113)**	–
	11,008	6,894

10. FINANCE COSTS

	2013 RMB'000	2012 RMB'000
Interest on:		
– bank and other borrowings wholly repayable within five years	**94,691**	71,529
– finance leases	**5,711**	7,087
	100,402	78,616

11. INCOME TAX EXPENSE

	2013 RMB'000	2012 RMB'000
Current tax:		
PRC Enterprise Income tax ("EIT")	**3,981**	2,514
Other jurisdiction	**–**	322
	3,981	2,836
(Over)underprovision in prior years:		
PRC EIT	**–**	1,486
Other jurisdiction	**(56)**	–
	3,925	4,322
Deferred tax (note 29)	**(558)**	(558)
	3,367	3,764

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.

11. INCOME TAX EXPENSE (Continued)

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 2012 and 2013. The PRC subsidiary will need to apply for the preferential tax rate every year. The relevant approval has been obtained.

For the year ended 31 December 2012 and 2013, certain subsidiaries of the Company, 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 Fruit 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. ("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" every year. The relevant approval has been obtained.

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%.

The taxation for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2013 RMB'000	2012 RMB'000
Loss before tax	**(52,831)**	(52,361)
Tax at the domestic income tax rate of 25%	**(13,208)**	(13,090)
Tax effect of expenses not deductible for tax purpose	**1,342**	1,073
Tax effect of income not taxable for tax purpose	**(20,871)**	(7,502)
Tax effect of deductible temporary differences not recognised	**–**	8,454
Tax effect of tax losses not recognised	**50,940**	33,913
Utilisation of tax losses previously not recognised	**(3,860)**	–
Utilisation of deductible temporary difference previously not recognised	**(8,342)**	–
Effect of tax exemption and tax concession	**(2,580)**	(20,681)
Effect of different tax rate of a subsidiary operating in other jurisdiction	**2**	111
(Over)underprovision in respect of prior years	**(56)**	1,486
Tax charge for the year	**3,367**	3,764

Details of movements in deferred tax liabilities are set out in note 29.

12. LOSS FOR THE YEAR

	2013 RMB'000	2012 RMB'000
Loss for the year has been arrived at after charging:		
Directors' remuneration (note 13)	**2,700**	3,203
Salaries and wages	**53,207**	57,904
Retirement benefits scheme contributions	**7,425**	7,500
Share-based payments	**–**	1,134
Total staff costs	**63,332**	69,741
Auditor's remuneration	**1,100**	725
Release of prepaid lease payments (included in administrative expenses)	**2,222**	2,238
Depreciation of property, plant and equipment	**92,238**	97,007
Cost of inventories recognised as an expense (note)	**1,461,896**	1,702,910

Note: For the year ended 31 December 2013, included in the cost of sales is the net reversal of allowance for inventories amounted to RMB33,368,000 (2012: net allowance for inventories of RMB33,353,000) and direct write-off of inventories amounted to RMB356,000 (2012: RMB446,000). The net allowance for inventories includes reversal of allowance for inventories amounted to RMB33,368,000 (2012: RMB15,000) and allowance for inventories amounted to nil (2012: RMB33,368,000). The reversal is made as these inventories are sold during the year.

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

Details of emoluments of individual directors of the Company are set out as follows:

	2013					2012					
	Fees RMB'000	Salaries and allowances RMB'000	Bonus RMB'000	Contributions to retirement benefits scheme RMB'000	Total RMB'000	Fees RMB'000	Salaries and allowances RMB'000	Bonus RMB'000	Contributions to retirement benefits scheme RMB'000	Share-based payments RMB'000	Total RMB'000
Mr. Zhao Boxiang	60	–	–	–	60	60	–	–	–	–	60
Mr. Li Yuanrui	60	–	–	–	60	60	–	–	–	–	60
Mr. Lo Wai Tat, Andrew (note i)	15	–	–	–	15	60	–	–	–	–	60
Mr. Chan Bing Chung (note ii)	45	–	–	–	45	–	–	–	–	–	–
Mr. Gao Liang	–	884	220	46	1,150	–	880	22	44	–	946
Mr. Li Bing (note i)	–	37	–	4	41	–	480	120	44	59	703
Mr. Zhang Xiang	–	404	120	46	570	–	215	50	22	59	346
Mr. Ding Li	–	324	80	46	450	–	123	27	3	–	153
Ms. Liu Li (note iii)	–	–	–	–	–	–	288	78	20	126	512
Ms. Wang Xuemei (note iv)	–	–	–	–	–	–	222	60	30	51	363
Mr. Zhao Chongjun (note v)	–	197	80	32	309	–	–	–	–	–	–
	180	1,846	500	174	2,700	180	2,208	357	163	295	3,203

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' EMOLUMENTS (Continued)

Directors' emoluments (Continued)

Notes:

(i) Mr. Lo Wai Tat, Andrew and Mr. Li Bing resigned on 8 April 2013.

(ii) Mr. Chan Bing Chung was appointed on 8 April 2013.

(iii) Ms. Liu Li resigned on 12 June 2012.

(iv) Ms. Wang Xuemei resigned on 7 September 2012.

(v) Mr. Zhao Chongjun was appointed on 8 April 2013.

Mr. Gao Liang is also the Chief Executive of the Company and his emoluments disclosed above included those for services rendered by him as the Chief Executive.

The bonus payment is determined based on the Group's performance for the year.

Employees' emoluments

The five highest paid individuals included four (2012: three) were directors and the Chief Executive of the Company whose emoluments are set out above. The emoluments of the remaining one (2012: two) highest paid individuals and each fall within the band of nil to HK$1,000,000 (equivalent to approximately RMB814,000) for the years ended 31 December 2013 and 2012, are as follows:

	2013 **RMB'000**	2012 RMB'000
Salaries and allowances	**404**	800
Retirement benefits scheme contributions	**46**	88
Share-based payments	**–**	59
	450	947

During the years ended 31 December 2013 and 2012, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during the years ended 31 December 2013 and 2012.

14. DIVIDENDS

	2013 **RMB'000**	2012 RMB'000
Dividends recognised as distribution during the year	**–**	25,200

The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2013 and 2012.

During the year ended 31 December 2012, the final dividend of RMB25,200,000, representing RMB2.0 cents for ordinary shares in respect of the year ended 31 December 2011 were declared by the Board and had been recognised and distributed during that year.

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15. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the loss for the year attributable to owners of the Company of RMB56,041,000 (2012: RMB55,918,000) and on the number of 1,260,000,000 shares (2012: the number of 1,260,000,000 shares) in issue during the year.

The computation of the diluted loss per share for the years ended 31 December 2013 and 2012 does not assume the exercise of the Company's options as the exercise would result in a decrease in loss per share.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST						
At 1 January 2012	680,379	1,113,534	10,729	15,659	36,260	1,856,561
Additions	5,888	12,848	368	1,543	59,743	80,390
Transfer	1,107	12,772	–	–	(13,879)	–
Disposals	–	(3,116)	(464)	(1,178)	–	(4,758)
Exchange realignment	–	–	–	(116)	–	(116)
At 31 December 2012	687,374	1,136,038	10,633	15,908	82,124	1,932,077
Additions	1,630	16,694	1,961	1,504	61,865	83,654
Transfer	114,254	16,880	–	12,965	(144,099)	–
Disposals	(17,255)	(70,982)	(3,833)	(653)	(1,166)	(93,889)
Acquisition of subsidiaries (note 36)	1,017	13,361	80	26	7,489	21,973
Classified as held for sale (note 37)	(18,779)	(6,869)	–	(126)	–	(25,774)
Exchange realignment	–	–	–	(11)	–	(11)
At 31 December 2013	768,241	1,105,122	8,841	29,613	6,213	1,918,030
DEPRECIATION						
At 1 January 2012	86,846	375,379	3,627	7,357	–	473,209
Provided for the year	19,451	74,894	1,043	1,619	–	97,007
Eliminated on disposals	–	(1,840)	(371)	(852)	–	(3,063)
Exchange realignment	–	–	–	(115)	–	(115)
At 31 December 2012	106,297	448,433	4,299	8,009	–	567,038
Provided for the year	19,515	70,332	1,021	1,697	–	92,565
Eliminated on disposals	(6,731)	(54,364)	(2,791)	(537)	–	(64,423)
Classified as held for sale (note 37)	(9,224)	(5,521)	–	(116)	–	(14,861)
Exchange realignment	–	–	–	(8)	–	(8)
At 31 December 2013	109,857	458,880	2,529	9,045	–	580,311
CARRYING VALUES						
At 31 December 2013	658,384	646,242	6,312	20,568	6,213	1,337,719
At 31 December 2012	581,077	687,605	6,334	7,899	82,124	1,365,039

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment, other than construction in progress, are depreciated after residual value on a straight-line basis at the following years/rates per annum:

Buildings	20 to 40 years or shorter of the lease terms of the relevant leasehold lands
Machinery	5.05-16.66%
Motor vehicles	10-20%
Office equipment	20%

The carrying value of machinery of RMB646,242,000 (2012: RMB687,605,000) includes an amount of RMB224,589,000 (2012: RMB232,973,000) in respect of assets held under finance leases.

During the year ended 31 December 2013, depreciation charge of RMB327,000 (2012: nil) have been capitalised in biological assets.

As at the end of the reporting period, in view of operating loss incurred for the year, the directors conducted an annual review of the Group's property, plant and equipment and prepaid lease payments. The recoverable amounts of the relevant assets have been determined based on the value in use calculation. The discount rate in measuring the recoverable amounts determined based on the value in use was 11% (2012: 11%). No impairment loss has been recognised in profit or loss for the year.

17. PREPAID LEASE PAYMENTS

The carrying amount of prepaid lease payments located in the PRC are categorised as:

	2013 **RMB'000**	2012 RMB'000
Current assets	**2,439**	2,509
Non-current assets	**89,538**	85,672
	91,977	88,181

The carrying amount of prepaid lease payments consisted of long lease amounting to RMB6,797,000 (2012: RMB6,928,000) and medium-term lease amounting to RMB85,180,000 (2012: RMB81,253,000).

The prepaid lease payments are amortised over 20 to 70 years on a straight-line basis.

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18. BIOLOGICAL ASSETS

Biological assets represent fruit trees and infant trees. The role of the fruit trees is to supply fruits through the processes of growth in each production cycle. The infant trees are held for transforming into fruit trees. Biological assets are analysed as follows:

	Infant trees RMB'000	**Fruit trees** RMB'000	**Total** RMB'000
At 1 January 2012 and 31 December 2012	–	–	–
Acquisition of subsidiaries (note 36)	22,552	2,968	25,520
Net additions	3,224	16	3,240
Net increase due to cultivation	8,982	83	9,065
Net change in fair value	1,233	(163)	1,070
At 31 December 2013	35,991	2,904	38,895
Unrealised gain/(loss) on revaluation of biological assets included in profit or loss (included in other gains and losses)	1,233	(163)	1,070

The quantity of fruit trees owned by the Group at the end of the reporting period is shown below.

	2013 Number	2012 Number
Infant trees	**773,056**	–
Fruit trees	**16,859**	–

The infant trees are undergoing biological transformation, leading to them being able to produce fruits. Once the infant trees become mature and productive, they will be transferred to the category of matured fruit trees.

The Group has engaged an independent valuer to determine the fair value of matured fruit trees and infant trees less costs to sell as at 31 December 2013. For infant trees, the valuation was arrived at by reference to current purchase cost of infant trees of similar age, species and health of the trees. For matured fruit trees, the valuation was arrived at by discounting the future income streams attributable to the Group's matured fruit trees to arrive at a present value. The senior management reports this valuation findings to the board of directors every year to explain the cause of fluctuations in the fair value of the assets. There has been no change to the valuation technique during the year.

In estimating the fair value of the matured fruit trees and infant trees, the highest and best use of the matured fruit trees and infant trees are their current use.

In estimating the fair value of the infant trees, the purchase price of infant trees, which represent the assumed market price for infant trees purchased by the Group was the key assumption applied.

In estimating the fair value of the matured fruit trees, the following key assumptions were applied:

a) The market price variables, which represent the assumed market price for fruits produced by the Group. The valuation adopted the market sales prices prevailing as of the end of the reporting period for each type of fruit produced by the Group as the sales price estimation.

18. BIOLOGICAL ASSETS (Continued)

b) The yield per tree variables, which represent the harvest level of the fruit trees. The yield of fruit trees is affected by the age, species and health of the fruit trees, as well as the climate, location, soil condition, topography and infrastructure. In general, yield per tree remains stable for about 10 to 15 years until age of 20.

c) The direct production cost variables, which represent the direct costs necessary to bring the fruits to their sale form. These mainly include raw material costs and direct labour costs. The direct production cost variables are determined by reference to actual costs incurred for areas that have been previously cultivated.

d) The Capital Asset Pricing Model has been used to determine a discount rate of 15% to be applied to the fruit tree operations.

e) Other key assumptions which have taken into account in valuing the Group's biological assets include, among other things,

   i) cash flows are calculated from the current rotation of fruit trees only, without taking into account the projected revenue or costs related to the re-establishment of new fruit trees;

   ii) as discounted cash flows are based on current fruit prices, planned future business activities that may impact the future prices of fruit harvested from the Group's plantations are not considered; and

   iii) no allowance is made for cost improvements in future operations.

The key unobservable input used in valuing the infant trees was the purchase cost of apple tree which ranged from RMB5 to RMB13 per tree. An increase in the purchase cost of apple tree used would result in an increase in the fair value measurement of the infant trees, and vice versa. In the opinion of the directors, no sensitivity analysis is prepared for the changes in the key unobservable inputs used in valuing the matured fruit trees since the impact to the Group's result is not significant.

The matured fruit trees and infant trees measured at fair value fell within the Level 3 category. There was no transfer into or out of Level 3 during the year.

The land currently occupied by the Group is leased from third parties, and has no commercial value. With reference to the value of machinery and equipment and other assets (represented by cement pole and fences, etc.), the total values of the assets involved as at 31 December 2013 are approximately RMB29 million.

The Group is exposed to a number of risks related to its fruit plantations:

1) Regulatory and environmental risks

The Group is subject to laws and regulations in the jurisdiction in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

2) Supply and demand risks

The Group is exposed to risks arising from fluctuations in the price and sales volume of various type of fruits. Where possible the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis to ensure that the Group's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

3) Climate and other risks

The Group's fruit plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

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19. INVENTORIES

	2013 RMB'000	2012 RMB'000
Raw materials	**19,507**	25,736
Work in progress	**200,673**	339,632
Finished goods	**1,057,862**	1,487,022
	1,278,042	1,852,390

20. TRADE AND OTHER RECEIVABLES AND BILLS RECEIVABLES

	2013 RMB'000	2012 RMB'000
Trade receivables	**108,504**	189,132
Less: allowance for doubtful debts	**(5,107)**	(5,107)
	103,397	184,025
Value added tax recoverable and other tax recoverables	**101,578**	224,634
Advances to suppliers	**25,516**	10,623
Others	**26,481**	16,255
	256,972	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:

	2013 RMB'000	2012 RMB'000
Aged:		
0-90 days	**103,021**	183,806
91-180 days	**376**	219
	103,397	184,025

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of RMB376,000 (2012: RMB219,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The amount past due but not impaired are aged 91 to 180 days.

The directors of the Company considered trade receivables which are past due but not impaired are of mostly the renowned international beverage manufacturers, therefore based on the past history, the collectability is expected.

20. TRADE AND OTHER RECEIVABLES AND BILLS RECEIVABLES (Continued)

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of RMB5,107,000 (2012: RMB5,107,000) which have been in severe financial difficulties. The Group does not hold any collateral over these balances.

Movement in the allowance for doubtful debts

	2013 RMB'000	2012 RMB'000
1 January and 31 December	**5,107**	5,107

As at 31 December 2013, the Group has trade and other receivables of USD14,063,000, equivalent to RMB85,741,000 (2012: USD24,916,000, equivalent to RMB156,571,000) which are denominated in foreign currency of the relevant group entities.

The bills receivables as at 31 December 2013 are aged within 90 days based on the invoice dates at the end of the reporting period.

21. AMOUNTS DUE FROM RELATED COMPANIES

The amounts due from related companies are unsecured, repayable on demand and carries interest at prevailing market rates. The related companies are beneficially owned and controlled by a director of the Company who is also a shareholder of the Company.

22. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

At 31 December 2013, the pledged bank deposits of RMB22,657,000 (2012: RMB21,044,000) carried an average fixed interest rate of 3.4% (2012: 3.5%) per annum and bank balances of RMB182,734,000 (2012: RMB77,736,000) carried prevailing interest rate of 0.55% (2012: 0.35%) per annum.

The pledged bank deposits are used to secure the bills payables which is payable within three months to six months. Accordingly, the pledged bank deposits are classified as current assets.

As at 31 December 2013, the Group has bank balances and cash of USD8,821,000, equivalent to RMB53,781,000 (2012: USD1,607,000, equivalent to RMB10,099,000) which are denominated in foreign currency of the relevant group entities.

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For the year ended 31 December 2013

23. TRADE AND OTHER PAYABLES AND BILLS PAYABLES

	2013 RMB'000	2012 RMB'000
Trade payables	**155,661**	1,348,235
Payable for acquisition of property, plant and equipment	**5,347**	1,785
Advances from customers	**29,990**	1,542
Accrual salaries	**6,001**	8,248
Accrual interest	**28,583**	4,677
Other tax payable	**16,316**	6,818
Deposit received for assets classified as held for sale (note 37)	**21,000**	–
Deferred income (note)	**–**	19,000
Others	**20,615**	25,781
	283,513	1,416,086

Note: The balance represented the deferred income arisen from an exclusive distribution right, which the Group offers to a distributor (also the vendor of the transaction) in Japan for a term of three years up to 2013 upon an acquisition of subsidiaries in prior year. The exclusive distribution right has expired in 2013.

As at 31 December 2013, the Group has trade and other payables of USD3,327,000, equivalent to RMB20,284,000 (2012: USD4,346,000, equivalent to RMB27,314,000) which are denominated in foreign currency of the relevant group entities.

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:

	2013 RMB'000	2012 RMB'000
Aged:		
0-90 days	**113,281**	1,271,662
91-180 days	**26,267**	62,371
181-365 days	**12,732**	11,663
Over 1 year	**3,381**	2,539
	155,661	1,348,235

The bills payables for both years are aged within 90 days based on the invoice dates at the end of the reporting period.

24. BANK AND OTHER BORROWINGS

	2013 RMB'000	2012 RMB'000
Bank loans	**1,402,183**	1,247,896
Other borrowings (note (i))	**450,000**	–
Borrowings from non-bank financial institution (note (ii))	**–**	12,571
	1,852,183	1,260,467
Analysed as:		
Secured	**1,360,479**	1,260,467
Unsecured	**491,704**	–
	1,852,183	1,260,467
Analysed as:		
Fixed-rate borrowings	**1,228,213**	745,964
Variable-rate borrowings	**623,970**	514,503
	1,852,183	1,260,467

	2013 RMB'000	2012 RMB'000
Carrying amount repayable*:		
On demand and within one year	**1,227,183**	930,896
More than one year but not exceeding two years	**450,000**	84,000
	1,677,183	1,014,896
Carrying amount of borrowings that are repayable on demand due to breach of loan covenants (shown under current liabilities)	**–**	12,571
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period based on scheduled repayment dates but contain a repayable on demand clause (shown under current liabilities)	**175,000**	233,000
	1,852,183	1,260,467
Less: Amounts due within one year shown under current liabilities	**(1,402,183)**	(1,176,467)
Amounts due after one year shown under non-current liabilities	**450,000**	84,000

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

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24. BANK AND OTHER BORROWINGS (Continued)

Notes:

(i) During the year, a non-wholly owned subsidiary of the Company issued and completed the registration of a corporate bond (the "Corporate Bond") with China Central Depository & Clearing Co., Ltd. The principal amount of the Corporate Bond is RMB450,000,000, unsecured and repayable in whole in 2016. The coupon rate of the Corporate Bond is fixed at 6.5% per annum and the coupon interest is paid annually.

(ii) The borrowings were provided by an independent European financial institution ("EFI") and the whole amount was repaid during the year.

During the year ended 31 December 2012, the Group could not satisfy certain conditions of the loan agreement with the EFI. The Group was unable to obtain letter from the EFI to maintain the original term of borrowings and therefore RMB12,571,000 of the borrowings were classified as current liabilities that are repayable on demand as at 31 December 2012.

In addition, the above borrowings were secured by the 67.64% equity interest of Qingdao Haisheng, a non-wholly owned subsidiary, which is held by another non-wholly owned subsidiary of the Company. The security was released upon the repayment of the borrowing during the year.

The interest rate for the variable-rate borrowings is based on LIBOR/PBCBLR plus a margin for both years.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2013	2012
Effective interest rate:		
Fixed-rate borrowings	**1.08% to 7.20%**	1.11% to 7.70%
Variable-rate borrowings	**2.16% to 7.80%**	2.48% to 7.22%

As at 31 December 2013, the Group has borrowings of USD64,720,000, equivalent to RMB394,591,000 (2012: USD43,030,000, equivalent to RMB270,467,000) which are denominated in foreign currency of the relevant group entities.

25. OBLIGATION UNDER FINANCE LEASE

	2013 **RMB'000**	2012 RMB'000
Analysed for reporting purposes as:		
Current liabilities	**50,684**	47,801
Non-current liabilities	**33,065**	82,245
	83,749	130,046

In July 2010, the Group entered into a finance lease agreement pursuant to which the Group sold its machineries amounting to RMB221,397,000 to an independent third party and leased back the machineries with a lease period of 5 years. In August 2012, the Group early terminated the finance lease agreement entered into in July 2010 and entered into a new finance lease agreement. Under the new finance lease agreement, the Group sold its machineries to an independent third party and leased back the machineries with a lease period of 3 years. In addition, the ownership of leased assets will be transferred to the Group at a purchase option of RMB10,000 upon the settlement of the payable under the finance lease arrangement and the interest accrued under the lease arrangement. Interest rate underlying the obligation under finance lease is fixed at respective contract dates by 5.84% (2012: 5.84%) per annum.

25. OBLIGATION UNDER FINANCE LEASE (Continued)

	Minimum lease payments 2013 RMB'000	Minimum lease payments 2012 RMB'000	Present value of minimum lease payments 2013 RMB'000	Present value of minimum lease payments 2012 RMB'000
Amounts payable under finance lease				
Within one year	**54,924**	54,924	**50,684**	47,801
In more than one year but not more than two years	**36,693**	54,924	**33,065**	50,684
In more than two years but not more than five years	**–**	36,693	**–**	31,561
	91,617	146,541	**83,749**	130,046
Less: Future finance charges	**(7,868)**	(16,495)	**–**	–
Present value of lease obligation	**83,749**	130,046	**83,749**	130,046
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(50,684)**	(47,801)
Amount due for settlement after 12 months			**33,065**	82,245

The Group's obligation under finance lease is secured by the lessor's charge over the leased assets.

26. SHARE CAPITAL

The Company	**Number of shares**	**Amounts** HK$
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2012, 31 December 2012 and 2013	10,000,000,000	100,000,000
Issued and fully paid:		
At 1 January 2012, 31 December 2012 and 2013	1,260,000,000	12,600,000

	2013 **RMB'000**	2012 RMB'000
Shown on the consolidated statement of financial position at 31 December	**13,039**	13,039

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27. SHARE-BASED PAYMENT TRANSACTIONS

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 of directors of the Company, at their discretion, may grant options to:

(i) any eligible employees, including executive, non-executive and independent non-executive directors and also consultants or advisors of the Company or its subsidiaries or any entity in which the Group holds any equity interest ("Invested Entity"), to subscribe for shares in the Company;

(ii) any supplier of goods and 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 provided 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 or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Option granted must be taken up within 28 days of the date of grant, upon payment of HK$1 per option. The exercise price is determined by the directors of the Company, and must be at least the higher 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 shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

27. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The following table discloses movements of the Company's share options held by employees and directors during the year ended 31 December 2013:

Date of grant	Vesting period	Exercise price HK$	Exercisable period	Outstanding at 1.1.2013	Forfeited during the year	Lapsed during the year	Outstanding at 31.12.2013
4.7.2011	4.7.2011 to 3.1.2012	0.99	4.1.2012 to 3.7.2014	9,200,000	(400,000)	(800,000)	8,000,000
4.7.2011	4.7.2011 to 3.7.2012	0.99	4.7.2012 to 3.7.2014	9,200,000	(400,000)	(800,000)	8,000,000
3.3.2008	3.3.2008 to 2.3.2009	2.012	3.3.2009 to 2.3.2013	11,444,000	–	(11,444,000)	–
3.3.2008	3.3.2008 to 2.3.2010	2.012	3.3.2010 to 2.3.2013	4,516,000	–	(4,516,000)	–
				34,360,000	(800,000)	(17,560,000)	16,000,000
Exercisable as at 31 December 2013							16,000,000

The Group recognised the total expense of RMB1,429,000 (2013: nil) for the year ended 31 December 2012 in relation to share options granted by the Company.

The following table discloses movements of the Company's share options held by employees and directors during the year ended 31 December 2012:

Date of grant	Vesting period	Exercise price HK$	Exercisable period	Outstanding at 1.1.2012	Forfeited during the year	Lapsed during the year	Outstanding at 31.12.2012
4.7.2011	4.7.2011 to 3.1.2012	0.99	4.1.2012 to 3.7.2014	11,800,000	–	(2,600,000)	9,200,000
4.7.2011	4.7.2011 to 3.7.2012	0.99	4.7.2012 to 3.7.2014	11,800,000	(2,200,000)	(400,000)	9,200,000
3.3.2008	3.3.2008 to 2.3.2009	2.012	3.3.2009 to 2.3.2013	12,462,000	–	(1,018,000)	11,444,000
3.3.2008	3.3.2008 to 2.3.2010	2.012	3.3.2010 to 2.3.2013	5,018,000	–	(502,000)	4,516,000
				41,080,000	(2,200,000)	(4,520,000)	34,360,000
Exercisable as at 31 December 2012							34,360,000

The estimated fair value of the share options granted on 4 July 2011 was HK$0.34 (equivalent to RMB0.283).

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28. RESERVES

Statutory surplus reserve

Each of the Company's PRC subsidiary's Articles of Association requires the appropriation of 10% of its profit after tax determined under the relevant accounting principles and financial regulations applicable to companies established in the PRC each year to the statutory surplus reserve until the balance reaches 50% of the share capital. The statutory surplus reserve shall only be used for making up losses, capitalisation into share capital and expansion of the production and operation.

Special reserve

The special reserve represents the aggregate amount of the share capital and share premium of the subsidiaries which were acquired by the Company at the date of the group reorganisation less the consideration payable to the then shareholders.

Other reserve

In July 2011, the Group acquired the remaining 30% equity interest of one of its subsidiaries from the non-controlling shareholders for an aggregate consideration of RMB13,952,000. The excess of the fair value of the consideration paid over the adjustment to non-controlling interests has been recognised directly to equity.

29. DEFERRED TAXATION

	Fair value adjustment at acquisition RMB'000	Temporary differences arising from withholding tax RMB'000	Total RMB'000
At 1 January 2012	3,445	10,355	13,800
Credit for the year	(558)	–	(558)
At 31 December 2012	2,887	10,355	13,242
Credit for the year	(558)	–	(558)
At 31 December 2013	2,329	10,355	12,684

At 31 December 2013, the Group has estimated unutilised tax losses of RMB596,218,000 (2012: RMB428,090,000) available to set off against future assessable profit. No deferred tax asset has been recognised due to the unpredictability of future profit stream. The unrecognised tax losses will expire on various dates up to 2018 (2012: various dates up to 2017).

During the year ended 31 December 2012, the Group has deductible temporary differences arising from allowance for inventories of RMB33,368,000 (2013: nil) and direct write-off of inventories of RMB446,000 (2013: RMB356,000). No deferred tax asset had been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which deductible temporary differences can be utilised.

Under the EIT Law of PRC, a 10% withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. No deferred taxation liability has been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries.

In addition, there was no other material unprovided deferred tax at the end of the reporting period.

30. OPERATING LEASES

Minimum lease payments paid under operating leases during the year:

	2013 **RMB'000**	2012 RMB'000
Premises	**1,058**	462
Land	**2,411**	–
	3,469	462

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2013 **RMB'000**	2012 RMB'000
Within one year	**4,050**	461
In the second to fifth year inclusive	**17,514**	923
After five years	**136,292**	–
	157,856	1,384

Operating lease payments include rentals payable by the Group for its warehouses, office premises and land. Lease terms for warehouses and office premises are ranged from 1 to 5 years with fixed rental. Lease terms for land are negotiated for an average term of 30 years and rental are adjusted for every three years.

31. CAPITAL COMMITMENTS

	2013 **RMB'000**	2012 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment	**28,920**	22,415

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32. PLEDGE OF ASSETS

At the end of the reporting period, the Group pledged the following assets for security of the Group's borrowings and obligation under finance lease:

	2013 RMB'000	2012 RMB'000
Property, plant and equipment	**647,575**	669,928
Prepaid lease payments	**57,438**	59,165
Pledged bank deposits	**22,657**	21,044
Inventories	**164,853**	285,735
	892,523	1,035,872

For the year ended 31 December 2012, the Group's equity interests in certain subsidiaries had been pledged to secure bank and other borrowings (see note 24 for details).

33. RELATED PARTY DISCLOSURES

(a) During the year, the Group entered into the following transactions with related companies:

	Interest income received	
	2013 RMB'000	2012 RMB'000
Related companies (note)	**60**	1,148

Note: The related companies are beneficially owned and controlled by a director of the Company who is also a shareholder of the Company. In addition, during the year, the Group had made advancement to the related companies which carries interest at prevailing market rates. During the year, the related companies had made repayment to the Group.

(b) Except for the amounts due from related companies as disclosed in note 21 and the balance of dividend payable to the non-controlling shareholders of a subsidiary, who include one director of the Company, one director of that subsidiary and a company beneficially owned and controlled by a director of the Company, disclosed in the consolidated statement of financial position of the Group, in the opinion of the directors, there are no other material balance and transactions with the related companies of the Group.

(c) Compensation of key management personnel

Other than the emoluments paid to directors of the Company as set out in note 13, who are considered as the key management of the Group, the Group did not have any other significant compensation to key management personnel.

34. RETIREMENT BENEFITS SCHEME

The Group participates in a defined contribution retirement scheme organised by the relevant local government authority in the PRC. Certain employees of the Group eligible to participate in the retirement scheme are entitled to retirement benefits from the scheme. The local government authority is responsible for the pension liabilities to these retired employees. The Group is required to make monthly contributions to the retirement scheme up to the time of retirement of the eligible employees, at 20% of the local standard basic salaries.

During the year, the retirement benefit scheme contributions amounted to RMB7,599,000 (2012: RMB7,663,000).

35. CONTINGENT LIABILITIES

As at 31 December 2012, the Group issued financial guarantees to banks in respect of banking facilities granted to its suppliers whom are third parties to the Group with the aggregate amount of RMB601,647,000. The said amount was fully utilised by the third parties. According to the financial guarantee contracts, the Group had legal right to offset the full guarantee amount against trade payables to respective suppliers upon default by the suppliers. The aggregate trade payables to respective suppliers amounted to RMB811,506,000. In the opinion of the directors, the fair value of the financial guarantee contracts at initial recognition is insignificant. No such financial guarantee is issued by the Group as at 31 December 2013.

Subsequent to the end of the reporting period, the Group was sued by its competitor in the USA in respect of obtaining access of trade secrets of a sweet potato juice concentrate through the competitor's former employee. The case is still in the progress of court procedures. Up to the date of this report and to the best of the directors' knowledge, the Company believes that the claims lack merit and will vigorously defend such actions. As the amount of damages to be claimed by the counterparty is uncertain, no contingent liability has been accrued.

36. ACQUISITION OF SUBSIDIARIES

On 21 June 2013, the Group completed the acquisition of the entire registered shares of Shaanxi Haisheng Agriculture Co., Ltd. ("Haisheng Agriculture") from a director and a connected party of the Group, at a consideration of RMB3,000,000. The Group obtained control over these entities on the date of completion of the acquisition which have been accounted for using the purchase method. No goodwill or discount on goodwill arising on the acquisition of subsidiaries. Haisheng Agriculture, together with its wholly owned subsidiaries, were engaged in agricultural activities which are apples and other fruits plantation in the PRC. Details of the biological assets are set out in note 18.

	RMB'000
The net assets acquired:	
Biological assets	25,520
Property, plant and equipment	21,973
Prepaid rental and other receivables	16,484
Bank balances and cash	2,168
Inventories	1,905
Amount due to a group company	(53,312)
Trade and other payables	(11,738)
Net assets acquired	3,000
Total consideration satisfied by:	
Cash	3,000
Net cash outflow arising on acquisition:	
Cash consideration paid	3,000
Less: Bank balances and cash acquired	(2,168)
	832

Had the acquisition of Haisheng Agriculture been effected at 1 January 2013, since the revenue and loss of the acquiree for 2013 are insignificant, there would be no material impact on the revenue and the loss of the Group for the year ended 31 December 2013.

37. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

On 28 October 2013, Shaanxi Haisheng, a subsidiary of the Company, has entered into an agreement with an independent third party to dispose of 100% equity interest in 萊陽伊天果汁有限公司 translated as Laiyang Yi-Tian Juice Co., Ltd. ("Laiyang"), a wholly-owned subsidiary of Shaanxi Haisheng, at a consideration of RMB26,000,000. The proceeds of disposal are expected to exceed the carrying amount of the relevant assets and liabilities, accordingly, no impairment loss has been recognised on the assets which was classified as assets held for sale during the year. As at 31 December 2013, a deposit of RMB21,000,000 has been received by the Group and included in other payables.

Subsequent to the end of the reporting period, the Group completed the disposal and details are disclosed in note 40.

The major classes of assets and liabilities of Laiyang classified as held for sale are as follows:

	RMB'000
Property, plant and equipment (note)	10,913
Prepaid lease payments for land (note)	4,214
Inventory	50
Other receivables	2
Bank balances and cash	347
Total assets classified as held for sale	15,526
Other payables	343
Total liabilities classified as held for sale	343

Note: Buildings included in property, plant and equipment and prepaid lease payments for land are held under medium-term lease in the PRC.

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38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2013 **RMB'000**	2012 RMB'000
ASSETS		
Investments in subsidiaries	**629,164**	629,164
Amounts due from subsidiaries	**21,762**	21,397
Bank balances	**5,774**	10,537
Dividend receivable	**7,061**	7,282
	663,761	668,380
LIABILITIES		
Other payables	**1,011**	1,076
Amount due to a subsidiary	**–**	1,364
	1,011	2,440
	662,750	665,940
CAPITAL AND RESERVES		
Share capital (note 26)	**13,039**	13,039
Share premium and reserves*	**649,711**	652,901
	662,750	665,940

* Movements in share premium and reserves during the current and prior years are as follows:

	Share premium RMB'000	**Contributed surplus RMB'000**	**Share options reserve RMB'000** (Note 27)	**Accumulated profits RMB'000**	**Total RMB'000**
At 1 January 2012	202,327	431,247	17,389	29,007	679,970
Loss for the year	–	–	–	(3,298)	(3,298)
Recognition of equity-settled share based payments	–	–	1,429	–	1,429
Lapse of share options	–	–	(763)	763	–
Dividend recognised as distribution (note 14)	–	–	–	(25,200)	(25,200)
At 31 December 2012	202,327	431,247	18,055	1,272	652,901
Loss for the year	–	–	–	(3,190)	(3,190)
Lapse of share options	–	–	(7,791)	7,791	–
At 31 December 2013	202,327	431,247	10,264	5,873	649,711

Contributed surplus represents the difference between the net assets of the subsidiaries and the nominal amount of the Company's shares issued in exchange thereof pursuant to a group reorganisation.

39. PRINCIPAL SUBSIDIARIES

The particulars of the principal subsidiaries of the Company as at 31 December 2013 and 2012 are as follows:

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid up share capital/ registered capital	Attributable equity interest held by the Company Directly 2013	Directly 2012	Indirectly 2013	Indirectly 2012	Principal activities
Wisdom Expect Investments Limited	The British Virgin Islands	Ordinary shares US$200	**100%**	100%	**–**	–	Investment holding
Shaanxi Haisheng[1]	The PRC	RMB185,780,000	**16.6%**	16.6%	**83.0%**	83.0%	Manufacture and sale of fruit juice concentrate
Dalian Haisheng[1]	The PRC	RMB130,000,000	**23.1%**	23.1%	**76.6%**	76.6%	Manufacture and sale of fruit juice concentrate
Qingdao Haisheng[1]	The PRC	RMB275,000,000	**25.1%**	25.1%	**74.6%**	74.6%	Manufacture and sale of fruit juice concentrate
安徽碭山海升果業有限公司 translated as Anhui Dangshan Haisheng Fresh Fruit Juice Co., Ltd.[2]	The PRC	RMB200,000,000	**–**	–	**99.6%**	99.6%	Manufacture and sale of fruit juice concentrate
Qixia Haisheng [2]	The PRC	RMB60,000,000	**–**	–	**99.6%**	99.6%	Manufacture and sale of fruit juice concentrate
Haisheng International Inc.	The USA	Nil	**–**	–	**100%**	100%	Marketing and distribution of fruit juice concentrate
Yitian Shaanxi [2]	The PRC	RMB143,174,014	**–**	–	**99.6%**	99.6%	Manufacture and sale of fruit juice concentrate
Laiyang	The PRC	RMB171,466,920	**–**	–	**99.6%**	99.6%	Manufacture and sale of fruit juice concentrate
Modern Agriculture	The PRC	RMB3,000,000	**–**	–	**100%**	–	Plantation and sale of apples, other fruits and production and sale of feed

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39. PRINCIPAL SUBSIDIARIES (Continued)

Notes:

(1) Sino-foreign owned enterprise established in the PRC.
(2) Wholly foreign owned enterprise established in the PRC.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

40. EVENT AFTER THE REPORTING PERIOD

As set out in note 37, the Group completed the disposal of Laiyang in January 2014. The consideration has been settled in full and a gain of approximately RMB10,817,000 has been recognised subsequently after the end of the reporting period.