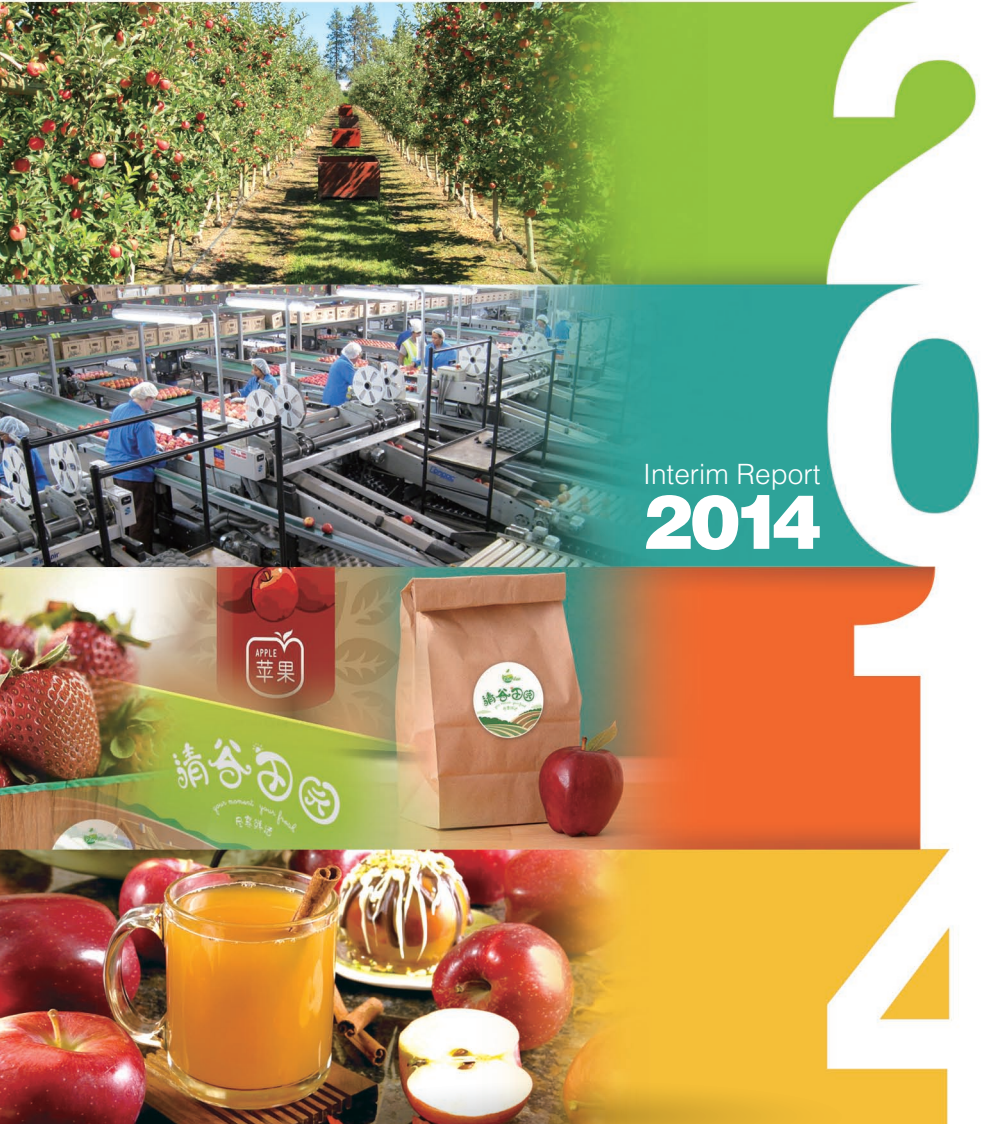




China Haisheng Juice Holdings Co., Ltd.

中國海升果汁控股有限公司

Stock Code : 359



Interim Report  
**2014**

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## Corporate Information

### Stock Code

359

### Executive Directors:

Mr. Gao Liang (*Chairman*)  
Mr. Zhang Xiang  
Mr. Ding Li  
Mr. Zhao Chongjun

### Independent non-executive directors:

Mr. Li Yuanrui  
Mr. Zhao Boxiang  
Mr. Chan Bing Chung

### Company Secretary

Mr. Terence Sin Yuen Ko, FCCA

### Authorised Representatives

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

### Audit Committee Members

Mr. Chan Bing Chung (*Chairman*)  
Mr. Zhao Boxiang  
Mr. Li Yuanrui

### Remuneration Committee Members

Mr. Zhao Boxiang (*Chairman*)  
Mr. Li Yuanrui  
Mr. Chan Bing Chung

### Nomination Committee Members

Mr. Zhao Boxiang (*Chairman*)  
Mr. Li Yuanrui  
Mr. Zhao Boxiang  
Mr. Chan Bing Chung

### Registered Office

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

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

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

### Website Address

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

### Principal Share Registrar and Transfer Office

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

### Hong Kong Branch Share Registrar and Transfer Office

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

### Principal Bankers

Agriculture Bank of China  
The Export-Import Bank of China  
China Merchants Bank

## HIGHLIGHTS

- For the six months ended 30 June 2014, the Group's unaudited turnover decreased from approximately RMB1,003.9 million to approximately RMB763.8 million, representing a decrease of approximately 23.9% over the same period of last year.
- For the six months ended 30 June 2014, the Group sustained an unaudited loss attributable to owners of the Company of approximately RMB4.5 million, representing a decrease of approximately 90.5% over the same period of last year.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014 (2013: Nil).

# Management Discussion and Analysis

## Financial review

The Board announces that, for the six months ended 30 June 2014, the Group recorded an unaudited turnover of approximately RMB763.8 million, representing a decrease of approximately 23.9% over the same period of last year. Gross profit margin for the six months ended 30 June 2014 was approximately 17.0%, as compared with 12.1% for the same period of last year. The Group has sustained an unaudited loss attributable to owners of the Company of approximately RMB4.5 million for the period under review representing a decrease of approximately 90.5% over the same period of last year.

For the period under review, turnover decreased by approximately 23.9% to approximately RMB763.8 million. Such decrease was mainly attributable to the decrease in sales volume as a result of the adjustments of product mix and reduction in production volume of products with low gross profit margin. As a result, the gross profit margin level of the Group improved substantially.

For the period under review, the gross profit margin of the Group increased from approximately 12.1% to approximately 17.0% which was attributable to the decrease in the cost of apple, the main raw material of the Group and the cut down in sales of products with low gross profit margin.

Other income increased by approximately 86.3% to approximately RMB27.4 million. Such increase was mainly attributable to the recognition of the gain on disposal of 100% equity interest in 萊陽伊天果汁有限公司 translated as Laiyang Yi-Tian Juice Co., Limited amounted to approximately RMB10.8 million during the period under review.

Distribution costs decreased by approximately 24.0% to approximately RMB64.0 million during the period under review. Such decrease was mainly attributable to the decrease in sales volume so that the freight charges of the Group reduced accordingly.

Administrative expenses increased by approximately 4.6% to approximately RMB46.0 million during the period under review. The increase in administrative expenses was mainly attributable to the increase in the expansion of agricultural and fresh fruit trading business of the Group.

Finance costs of the Group amounted to approximately RMB50.8 million in the period under review, representing a slight decrease of approximately 0.2% over the same period of last year. The slight decrease is attributable to the decrease in total borrowings.

## Management Discussion and Analysis

As a result of the foregoing, the Group sustained an unaudited loss attributable to owners of the Company of approximately RMB4.5 million, representing a decrease of approximately 90.5% over the same period of last year.

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

The treasury policy of the Group is centrally managed and controlled at the corporate level. As at 30 June 2014, the Group's borrowings amounted to approximately RMB1,706.3 million (as at 31 December 2013: RMB1,852.2 million), among which, approximately RMB587.4 million (as at 31 December 2013: RMB1,360.5 million) were secured by way of charge on the Group's assets. Approximately RMB72.2 million were denominated in US dollars while approximately RMB1,634.1 million were denominated in RMB.

	<b>30 June 2014 RMB'000 (Unaudited)</b>	31 December 2013 RMB'000 (Audited)
Carrying amount repayable *:		
On demand and within one year	<b>1,000,273</b>	1,227,183
More than one year but not exceeding two years	<b>450,000</b>	450,000
	<b>1,450,273</b>	1,677,183
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)	<b>256,000</b>	175,000
	<b>1,706,273</b>	1,852,183
Less: amount due within one year shown under current liabilities	<b>(1,256,273)</b>	(1,402,183)
Amounts due after one year shown under non-current liabilities	<b>450,000</b>	450,000

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

## Management Discussion and Analysis

As at 30 June 2014, the cash and bank balances including pledged bank deposits amounted to approximately RMB255.8 million (as at 31 December 2013: RMB205.6 million).

The gearing ratio, defined as total liabilities divided by total assets, was decreased from approximately 70.2% as at 31 December 2013 to approximately 67.7% as at 30 June 2014 and debt to equity ratio, defined as total borrowings divided by total equity, decreased from 1.9 as at 31 December 2013 to approximately 1.8 as at 30 June 2014.

US dollar is one of the major settlement currencies of sales transactions of the Group. The fluctuation of the exchange rate of US dollar against RMB during the period under review has no significant impact on the Group's financial position.

As of 30 June 2014, the Group has capital commitments of approximately RMB40.0 million (as at 31 December 2013: RMB28.9 million).

### Pledge of assets

As at 30 June 2014, the Group pledged property, plant and equipment, prepaid lease payments, pledged bank deposits and inventories to the banks for security of the Group's borrowings and obligation under finance lease with carrying amount of approximately RMB878.3 million (as at 31 December 2013: RMB892.5 million).

### Contingent Liabilities

During the period under review, the Group was sued by its competitor in the USA in respect of obtaining access of commercial 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 the first half of 2014, the global economy has recovered gradually and the demand in the industry was basically stable. The average export price of apple juice concentrate was stable and reasonable with further increase in the demand of domestic market. During the reporting period, the Group continued to expand its international market and enhanced its market influence in various regions around the world based on its high quality products and sound reputation. According to the statistics of China Custom, the Group's export of apple juice accounted for approximately one-fourth of the total export of apple juice concentrate in China, maintaining its leading position in the industry, in particularly our market shares in the Middle East, Africa, emerging market in Asia and Japan increased by 13%, 12%, 5% and 3%, respectively.

For the grinding seasons from 2013 to 2014, the prices of raw material decreased as a result of the management effectively control the production costs. Meanwhile, the Group, according to the product diversification development strategy, enhanced the percentage of sales volume of high value-added minor fruit products which led to the increase of gross profit margin from 12.1% in the end of 2013 to 17.0% in the reporting period.

In the domestic market, the Group further expanded the customer base of minor fruit which enabled the stable growth of sales volume of apple juice concentrate. Furthermore, the Group actively developed the channel of fresh fruit trading, realizing, by batches, the sales of fresh fruits such as apples and mini carrot while the high-end brand of "Eden View" established has gradually recognized by our business partners.

### Prospect

In 2014, with gradual economic recovery of the U.S. and European countries from the financial crisis, Japan also delivered a rapid economic growth. The global economic condition shows the good signs of recovery. During the new grinding season, the Group not only captures the market opportunities and expands steadily the sales of mature products, but also continues to adjust the product mix, develops new products and devotes ourselves to serve our clients so as to satisfy the customer's demands to the largest extent and construct a mature and healthier sales channel which in turn safeguard a new development of our business.



# Management Discussion and Analysis

## Production review

During the reporting period, the Group pushed forward the construction work of production lines of pectin in Dangshan and speeded up the transformation of high value-added advanced technological products with the deep-processing approach while fully completed the construction of factory in Xinjiang and prepared ourselves for further reasonable adjustments in production deployment for the new grinding season. Most importantly, the Group has contacted numerous local and overseas industry experts with a view to expand the research and development of new products based on the guarantee of quality and cost as well as providing sufficient drive for the sustainable, healthy and rapid development of the enterprise.

As for the quality control, the Group continued to upgrade the quality assessment and control mechanism, undergo technological transformation for raw material loading and unloading system, cloudy concentrate processing system and resin system and reduced the costs while improving the product quality so as to lay a foundation for production in the new grinding season. During the reporting period, the food safety management system of the Group has successfully passed the U.S. FDA official certification and the technical center also became the domestic leading platform for public safety assessment of fruit and vegetable juices. Such platform has been recognized as a corporate technical center in Xi'an as it satisfies self-assessment and externally provides safety assessment services for fruit and vegetable juices.

## Prospect

In the new grinding season, the Group will continue to control the raw material costs and upgrade the product quality with our business mindset while actively provides differentiated and standardized products and services to the customers. The Group will make use of the advantages of natural resources in Xinjiang regions to carry out production of diversified products and accelerate the construction progress of pectin production lines and promote the deep-processing development of the Group.

## R & D review

During the reporting period, the beverage concentrate fluid base line of Dalian plant has commenced operation and realized the results of research and development to produce multi-type and multi-flavour beverage concentrate fluids. The sales volume of beverage concentrate fluid products grow up steadily. Meanwhile, the Group promoted the study and research of fruit wine products, juice fermentation products, NFC and smoothie products, which laid a solid foundation for the development of new projects.

## Management Discussion and Analysis

During the period, the Group completed the registration of three patents:

Technology of preparation of plum juice concentrate	Patent number: 201110455848.X
Technology of preparation of purple sweet potato juice concentrate	Patent number: 201110420925.8
Technology of preparation of apple polyphenol with apples and pre-mature fruits	Patent number: 201110369124.3

The Group will continue to improve the production technology of each product and enhance the product quality and production efficiency in the future.

### Agriculture review

In the first half of 2014, the Group, leveraging on the European advanced planting model of high-density planting with dwarf rootstocks and its associated management skills and equipment, has successfully developed a garden of more than 6,000 mu for the high-density planting with dwarf rootstocks in the main apple production areas such as Gansu, Shaanxi and Henan. A production base of mini carrot was also newly constructed in Anhui with increasing variety of plants. In addition, the Group has engaged overseas experts, to capture the breeding techniques of dwarf rootstocks and expanded our breeding areas according to the domestic demands in China.

### Prospect

The Group will continue to enlarge the planting areas for apple dwarf rootstocks, expand the sales channel of fresh fruits and gradually develop its selection, packaging, storage and logistics systems in order to build up an integrated and modernized agricultural group for high end modernized fruit and vegetable plantation, processing of concentrate juice and related products and general fresh fruits.

### Human resources

As at 30 June 2014, the Group had a total of 1,095 employees (30 June 2013: 990).

# Directors' Report

## Interim Dividend

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2014 (2013: Nil).

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

As at 30 June 2014, 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 <sup>(Note 1)</sup>	36.43%
		Interest of spouse	4,388,660 Shares <sup>(Note 2)</sup>	0.35%
			463,449,898 Shares	36.78%
Mr. Zhang Xiang	The Company	Beneficial owner	800,000 Shares <sup>(Note 3)</sup>	0.06%
Mr. Zhao Chongjun	The Company	Beneficial owner	800,000 Shares <sup>(Note 3)</sup>	0.06%

*Notes:*

1. As at 30 June 2014, 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. As at 30 June 2014, the 4,388,660 Shares were held by Ms. Xie Haiyan who is the spouse of Mr. Gao Liang. Accordingly, Mr. Gao Liang was deemed to be interested in the 4,388,660 Shares held by Ms. Xie Haiyan.
3. The shares are the underlying shares granted under the share option scheme of the Company.

Save as disclosed above, as at 30 June 2014, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporation that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2014, 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:

## Directors' Report

Name	Name of the company	Capacity	Number and class of securities directly or indirectly held	Approximate percentage of shareholding
Ms. Xie Haiyan	The Company	Interest of spouse	459,061,238 Shares <sup>(Note 1)</sup>	36.43%
		Beneficial owner	4,388,660 Shares	0.35%
			463,449,898 Shares	36.78%
Think Honour	The Company	Beneficial owner	459,061,238 Shares <sup>(Note 2)</sup>	36.43%
Goldman Sachs & Co.	The Company	Interest of controlled corporation	232,344,000 Shares <sup>(Note 3)</sup>	18.44%
The Goldman Sachs Group, Inc	The Company	Interest of controlled corporation	232,344,000 Shares <sup>(Note 3)</sup>	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:

- Ms. Xie Haiyan is the spouse of Mr. Gao Liang. Ms. Xie Haiyan is deemed to be interested in the 459,061,238 Shares in which Mr. Gao Liang is deemed to be interested by virtue of the SFO.
- The entire issued share capital of Think Honour was held by Mr. Gao Liang.
- GS Capital Partners 2000 Employee Fund, L.P., GS Capital Partners 2000 GmbH & Co. Beteiligungs KG, GS Capital Partners 2000 Offshore, L.P., GS Capital Partners 2000, L.P. and Goldman Sachs Direct Investment Fund 2000, L.P. (together, the "Investors") are interested in an aggregate of 232,344,000 Shares. The general partner or managing partner of each of the Investors is a direct or indirect wholly-owned subsidiary of The Goldman Sachs Group, Inc.. Goldman Sachs & Co., a wholly-owned subsidiary of The Goldman Sachs Group, Inc., held by The Goldman Sachs Group, Inc. directly and indirectly through intermediate subsidiaries, is the investment manager of each of the Investors. Pursuant to the SFO, each of Goldman Sachs & Co. and The Goldman Sachs Group, Inc. is deemed to be interested in the aggregate 232,344,000 Shares in which the Investors are interested in total.

So far as is known to the Directors or chief executive of the Company, none of the companies/ persons were interested in 10% or more of the equity interests of any other members of the Group as at 30 June 2014.

### Corporate Governance Practices

During the six months ended 30 June 2014, all the code provisions in the Corporate Governance Code (which is set out in the Appendix 14 of the Listing Rules) were met by the Company, with the exception of three deviations, namely, (i) Code Provision A.2.1 providing for the roles of the chairman and chief executive officer (or chief executive) to be performed by different individuals (the "First Deviation"), (ii) code provision A.6.7 (the "Second Deviation") providing for Independent Non-executive Directors ("INED(s)") of the Company to, inter alia, attend general meetings and (iii) code provision E.1.2 (the "Third Deviation") providing for the chairman of the Board (the "Chairman") to attend the annual general meeting. Regarding the First Deviation, the Company does not have a competent candidate for the position of Chief Executive Officer currently. Mr. Gao Liang, therefore, acts as the Chairman and Chief Executive Officer of the Company. The Company is recruiting for the competent and suitable person to take the position of Chief Executive Officer. Regarding the Second Deviation and the Third Deviation, the Chairman and two INEDs were absent from the last Annual General Meeting of the Company held in May 2014 due to their other important engagement at the relevant time.

### 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;

## Directors' Report

- (iii) any customer of the Group or any Invested Entity;
- (iv) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and
- (v) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group and any Invested Entity.

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

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

## Directors' Report

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

Date of grant	Vesting period	Exercise price HK\$	Exercisable period	Outstanding at 1.1.2014	Granted during the period	Forfeited during the period	Lapsed during the period	Outstanding at 30.6.2014
4.7.2011	4.7.2011 to 3.1.2012	0.99	4.1.2012 to 3.7.2014	8,000,000	-	-	600,000	7,400,000
4.7.2011	4.7.2011 to 3.7.2012	0.99	4.7.2012 to 3.7.2014	8,000,000	-	-	600,000	7,400,000
				16,000,000	-	-	1,200,000	14,800,000
Exercisable at 30 June 2014								14,800,000

### Directors' Interests in a Competing Business

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

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the six months ended 30 June 2014.



## Directors' Report

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

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

### Review of Results

The unaudited interim results for the six months ended 30 June 2014 was reviewed by the audit committee of the Company.

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

Xi'an, the People's Republic of China, 28 August, 2014

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2014

		(Unaudited)	
		Six months ended 30 June	
		2014	2013
	NOTES	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	<b>763,790</b>	1,003,883
Cost of sales		<b>(634,232)</b>	(882,600)
Gross profit		<b>129,558</b>	121,283
Other income		<b>27,444</b>	14,732
Other gain and loss		<b>1,383</b>	(1,397)
Distribution and selling expenses		<b>(64,042)</b>	(84,312)
Administrative expenses		<b>(46,006)</b>	(43,984)
Other operating expenses		<b>(631)</b>	(181)
Finance costs		<b>(50,838)</b>	(50,957)
Loss before taxation		<b>(3,132)</b>	(44,816)
Taxation	5	<b>(1,364)</b>	(2,688)
Loss for the period	6	<b>(4,496)</b>	(47,504)
Other comprehensive income/(expense)			
Exchange difference arising on translation of foreign operations		<b>70</b>	(148)
Other comprehensive income/(expense) for the period		<b>70</b>	(148)
Total comprehensive expense for the period		<b>(4,426)</b>	(47,652)
Loss for the period attributable to:			
Owners of the Company		<b>(4,510)</b>	(47,315)
Non-controlling interests		<b>14</b>	(189)
		<b>(4,496)</b>	(47,504)

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2014

		(Unaudited)	
		Six months ended 30 June	
		2014	2013
	NOTES	<i>RMB'000</i>	<i>RMB'000</i>
<hr/>			
Total comprehensive expense			
attributable to:			
Owners of the Company		(4,440)	(47,463)
Minority interests		14	(189)
		<hr/>	<hr/>
		(4,426)	(47,652)
		<hr/>	
Dividends	7	–	–
		<hr/>	
Loss per share, basic and diluted			
(RMB cents)	8	(0.36) cents	(3.76) cents
		<hr/>	

# Condensed Consolidated Statement of Financial Position

At 30 June 2014

	NOTES	30 June 2014 (Unaudited) RMB'000	31 December 2013 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	1,311,263	1,337,719
Prepaid lease payments		94,340	89,538
Biological assets		53,649	38,895
Deposit paid for purchase of property, plant and equipment		58,575	–
		<b>1,517,827</b>	1,466,152
<b>CURRENT ASSETS</b>			
Inventories	10	706,424	1,278,042
Trade and other receivables	11	485,300	256,972
Bills receivables		117	5,795
Amounts due from related companies		–	164
Prepaid lease payments		2,468	2,439
Tax recoverable		–	396
Pledged bank deposits		8,420	22,657
Bank balances and cash		247,386	182,906
		<b>1,450,115</b>	1,749,371
Assets classified as held for sale		–	15,526
		<b>1,450,115</b>	1,764,897
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	218,869	283,513
Bills payables		8,250	31,768
Tax liabilities		2,229	2,327
Dividend payable to non-controlling shareholders of a subsidiary		63	63
Bank and other borrowings – due within one year		1,256,273	1,402,183
Obligation under finance lease		50,684	50,684
		<b>1,536,368</b>	1,770,538
Liabilities associated with assets classified as held for sale		–	343
		<b>1,536,368</b>	1,770,881

# Condensed Consolidated Statement of Financial Position

At 30 June 2014

	<b>30 June 2014</b>	31 December 2013
	<b>(Unaudited)</b>	(Audited)
NOTES	<b>RMB'000</b>	<b>RMB'000</b>
<b>NET CURRENT LIABILITIES</b>	<b>(86,253)</b>	(5,984)
	<b>1,431,574</b>	1,460,168
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>13,039</b>	13,039
Reserves	<b>944,793</b>	949,233
Equity attributable to owners of the Company	<b>957,832</b>	962,272
Non-controlling interests	<b>2,161</b>	2,147
Total equity	<b>959,993</b>	964,419
<b>NON-CURRENT LIABILITIES</b>		
Bank and other borrowings – due after one year	<b>450,000</b>	450,000
Obligation under finance lease	<b>8,834</b>	33,065
Deferred tax liabilities	<b>12,747</b>	12,684
	<b>471,581</b>	495,749
	<b>1,431,574</b>	1,460,168

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	Share Capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Special reserve RMB'000	Translation reserve RMB'000	Statutory surplus reserve RMB'000	Other reserve RMB'000	Accumulated profits RMB'000	Attributable to Owners of the Company RMB'000	Non- controlling interests RMB'000	Total RMB'000
At 1 January 2013 (audited)	13,039	202,327	18,055	258,722	(1,019)	141,300	(1,087)	387,206	1,018,543	2,304	1,020,847
Loss for the period (unaudited)	-	-	-	-	-	-	-	(47,315)	(47,315)	(189)	(47,504)
Exchange differences arising on translation of foreign operations (unaudited)	-	-	-	-	(148)	-	-	-	(148)	-	(148)
Total comprehensive expense for the period (unaudited)	-	-	-	-	(148)	-	-	(47,315)	(47,463)	(189)	(47,652)
Appropriated from accumulated profits (unaudited)	-	-	-	-	-	3,114	-	(3,114)	-	-	-
At 30 June 2013 (unaudited)	13,039	202,327	18,055	258,722	(1,167)	144,414	(1,087)	336,777	971,080	2,115	973,195
At 1 January 2014 (audited)	13,039	202,327	10,264	258,722	(1,249)	149,364	(1,087)	330,892	962,272	2,147	964,419
Loss for the period (unaudited)	-	-	-	-	-	-	-	(4,510)	(4,510)	14	(4,496)
Exchange differences arising on translation of foreign operations (unaudited)	-	-	-	-	70	-	-	-	70	-	70
Total comprehensive expense for the period (unaudited)	-	-	-	-	70	-	-	(4,510)	(4,440)	14	(4,426)
Appropriated from accumulated profits (unaudited)	-	-	-	-	-	8,291	-	(8,291)	-	-	-
At 30 June 2014 (unaudited)	13,039	202,327	10,264	258,722	(1,179)	157,655	(1,087)	318,091	957,832	2,161	959,993

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

	(Unaudited)	
	Six months ended 30 June	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash generated from/(used in)		
operating activities	<b>384,758</b>	(270,752)
Investing activities		
Purchase of property, plant and equipment	<b>(81,529)</b>	(15,567)
Other investing activities	<b>9,808</b>	12,835
Net cash (used in) investing activities	<b>(71,721)</b>	(2,732)
Financing activities		
New bank and other borrowings raised	<b>685,580</b>	574,106
Repayment of bank and other borrowings	<b>(865,177)</b>	(139,219)
Other financing activities	<b>(68,960)</b>	(50,957)
Net cash (used in)/generated		
from financing activities	<b>(248,557)</b>	383,930
Increase in cash and cash equivalents	<b>64,480</b>	110,446
Cash and cash equivalent at 1 January	<b>182,906</b>	77,924
Cash and cash equivalent at 30 June, representing bank balances and cash	<b>247,386</b>	188,370

# Notes to the Condensed Interim Consolidated Financial Information

## 1. General information

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

The Company is an investment holding company while its subsidiaries are principally engaged in (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. Basis of preparation

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

## 3. Principal accounting policies

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the annual financial statements for the financial year ended 31 December 2013, except for the adoption of the standards, amendments and interpretations issued by the IASB mandatory for annual periods beginning 1 January 2014. The effect of the adoption of these standards, amendments and interpretations were not material to the Group’s results of operations or financial position.



# Notes to the Condensed Interim Consolidated Financial Information

## 4. Revenue and segment information

The board of directors regularly reviews revenue by locations of customers including North America, Russia, Europe, Australia, Asia, Africa and others and the consolidated statements of profit or loss and other comprehensive income to make decision about resources allocations. Loss for the period is the segment loss 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 85% (2013: 86%) of revenue are generated from apple juice concentrate and related products.

### Geographic information

The Group's operations are located in the PRC.

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

	Revenue from external customers		Non-current assets	
	(Unaudited)		(Unaudited)	(Audited)
	Six months ended 30 June		30 June	31 December
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
North America	375,710	529,307	41	55
Asia	234,479	252,480	1,517,786	1,466,097
Europe and Russia	5,862	53,355		
Australia	10,665	21,859		
Africa and others	137,074	146,882		
	763,790	1,003,883	1,517,827	1,466,152

# Notes to the Condensed Interim Consolidated Financial Information

## 5. Taxation

	(Unaudited)	
	Six months ended 30 June	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
– PRC Enterprise Income Tax	1,256	2,892
– Other Jurisdictions	20	–
	<b>1,276</b>	2,892
Deferred taxation	88	(204)
	<b>1,364</b>	2,688

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

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

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. Pursuant to the relevant regulations applicable to enterprises situated in the western regions of the PRC, a PRC subsidiary enjoys a preferential tax rate of 15% for 2012 and 2013. The PRC subsidiary will need to apply for the preferential tax rate for 2014.

For the year ended 31 December 2012 and 2013, certain subsidiaries of the Company, Shaanxi Haisheng, 陝西海升果業發展股份有限公司 translated as Shaanxi Haisheng Fresh Fruit Juice Co., Ltd. ("Shaanxi Haisheng"), 青島海升果業有限公司 translated as Qingdao Haisheng Fresh 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

## Notes to the Condensed Interim Consolidated Financial Information

their production of juice concentrate products. As a result, Shaanxi Haisheng, Qingdao Haisheng, Dalian Haisheng, Qixia Haisheng and Yitian Shaanxi were exempted from EIT for both years. Certain provinces required the application of tax exemption under “農產品初加工企業” in 2014.

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

### 6. Loss for the period

	(Unaudited)	
	Six months ended 30 June	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the period has been arrived at after charging (crediting):		
Directors' remuneration	1,097	1,165
Other staff costs	25,509	27,979
Retirement benefits scheme contributions	6,194	5,664
Share based payments	–	–
Total staff costs	<b>32,800</b>	34,808
Release of prepaid lease payments included in administrative expenses	598	573
Depreciation of property, plant and equipment	49,335	47,793
Loss on disposal of property, plant and equipment	75	65
Cost of inventories recognised in the condensed consolidated statement of profit or loss and other comprehensive income	634,232	883,985
Gain on disposal of a subsidiary	(10,817)	–
Bank interests income	(571)	(280)

# Notes to the Condensed Interim Consolidated Financial Information

## 7. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014 (2013: Nil).

## 8. Loss per share

The calculation of the basic and diluted loss per share is based on the loss for the period attributable to owners of the Company of RMB4,510,000 (2013: RMB47,315,000) and on the number of 1,260,000,000 shares (2013: the number of 1,260,000,000 shares) in issue during the period.

The computation of the diluted loss per share for the six months ended 30 June 2014 and 2013 does not assume the exercise of the Company's options as the exercise would result in a decrease in loss per share.

## 9. Property, plant and equipment

During the period, the Group incurred approximately RMB81,529,000 on acquisition of property, plant and equipment.

## 10. Inventories

	<b>30 June</b> <b>2014</b> <i>RMB'000</i> <b>(Unaudited)</b>	31 December 2013 <i>RMB'000</i> (Audited)
Raw materials	<b>19,520</b>	19,507
Work in progress	<b>90,501</b>	200,673
Finished goods	<b>596,403</b>	1,057,862
	<b>706,424</b>	1,278,042

# Notes to the Condensed Interim Consolidated Financial Information

## 11. Trade and other receivables

	<b>30 June</b> <b>2014</b> <i>RMB'000</i> <b>(Unaudited)</b>	31 December 2013 <i>RMB'000</i> (Audited)
Trade receivables	<b>239,044</b>	108,504
Less: allowance for doubtful debts	<b>(5,107)</b>	(5,107)
	<b>233,937</b>	103,397
Value added tax and other tax receivable	<b>56,737</b>	101,578
Advances to suppliers	<b>83,556</b>	25,516
Others	<b>111,070</b>	26,481
	<b>485,300</b>	256,972

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:

	<b>30 June</b> <b>2014</b> <i>RMB'000</i> <b>(Unaudited)</b>	31 December 2013 <i>RMB'000</i> (Audited)
Aged:		
0-90 days	<b>233,937</b>	103,021
91-180 days	–	376
	<b>233,937</b>	103,397

# Notes to the Condensed Interim Consolidated Financial Information

## 12. Trade and other payables

	<b>30 June 2014 RMB'000 (Unaudited)</b>	31 December 2013 RMB'000 (Audited)
Trade payables	<b>74,560</b>	155,661
Payable for acquisition of property, plant and equipment	<b>3,380</b>	5,347
Advances from customers	<b>60,050</b>	29,990
Accrual salaries	<b>9,594</b>	6,001
Accrual interest	<b>1,005</b>	28,583
Other tax payable	<b>21,213</b>	16,316
Deposit received for assets classified as held for sale	–	21,000
Others	<b>49,067</b>	20,615
	<b>218,869</b>	283,513

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:

	<b>30 June 2014 RMB'000 (Unaudited)</b>	31 December 2013 RMB'000 (Audited)
Aged:		
0-90 days	<b>47,966</b>	113,281
91-180 days	<b>12,866</b>	26,267
181-365 days	<b>10,569</b>	12,732
Over 1 year	<b>3,159</b>	3,381
	<b>74,560</b>	155,661

## Notes to the Condensed Interim Consolidated Financial Information

### 13. Capital commitments

	<b>30 June</b> <b>2014</b> <i>RMB'000</i> <b>(Unaudited)</b>	31 December 2013 <i>RMB'000</i> (Audited)
Expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of – property, plant and equipment	<b>39,970</b>	28,920