

HAISHENG

2015

Interim Report



China Haisheng Juice Holdings Co.,Ltd.

中國海升果汁控股有限公司

Stock Code : 359

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Corporate Information

Stock Code

359

Executive Directors:

Mr. Gao Liang (*Chairman*)
Mr. 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

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P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

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Eton Building
288 Des Voeux Road Central
Hong Kong

Website Address

www.chinahaisheng.com

Principal Share Registrar and Transfer Office

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

Hong Kong Branch Share Registrar and Transfer Office

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

Principal Bankers

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

HIGHLIGHTS

- For the six months ended 30 June 2015, the Group's unaudited turnover decreased from approximately RMB763.8 million to approximately RMB569.5 million, representing a decrease of approximately 25.4% over the same period of last year.
- For the six months ended 30 June 2015, the Group attained an unaudited profit attributable to owners of the Company of approximately RMB3.3 million, as against unaudited loss attributable to owners of the Company of approximately RMB4.5 million in the same period of last year.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

Management Discussion and Analysis

Financial review

The Board announces that, for the six months ended 30 June 2015, the Group recorded an unaudited turnover of approximately RMB569.5 million, representing a decrease of approximately 25.4% over the same period of last year. Gross profit margin for the six months ended 30 June 2015 was approximately 20.6%, as compared with 17.0% for the same period of last year. During the period under review, the Group has attained an unaudited profit attributable to owners of the Company of approximately RMB3.3 million, as against unaudited loss attributable to owners of the Company of approximately RMB4.5 million in the same period of last year.

The turnover for the period under review decreased by approximately 25.4% to approximately RMB569.5 million, which was mainly attributable to the decrease in sales volume of apple juice concentrate of the Group as a result of the fierce competition of the international market of apple juice concentrate, and the adjustments of product mix and reduction in production of product with low gross profit margin. The gross profit margin level of the Group improved.

For the period under review, the gross profit margin of the Group increased from approximately 17.0% to approximately 20.6% which was attributable to the decrease in the purchase cost of apple, the main raw material of the Group and the cut down in sales volume of products with low gross profit margin.

Other income increased by approximately 63.1% to approximately RMB44.8 million. Such increase was mainly attributable to the increase in subsidies received from the government during the period under review.

Distribution costs decreased by approximately 10.4% to approximately RMB57.4 million during the period under review. Such decrease was mainly attributable to the decrease in sales volume and in turn, the decrease in the transportation charges of the Group.

Administrative expenses increased by approximately 7.2% to approximately RMB49.3 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 RMB51.1 million in the period under review, representing a slight increase of approximately 0.5% over the same period of last year. The slight increase is attributable to the increase in total borrowings.

Management Discussion and Analysis

As a result of the foregoing, the Group attained an unaudited profit attributable to owners of the Company of approximately RMB3.3 million, as against unaudited loss attributable to owners of the Company of approximately RMB4.5 million in the same period of last year.

Liquidity, financial resources, gearing ratio and capital commitments

The treasury policy of the Group is centrally managed and controlled at the corporate level. As at 30 June 2015, the Group's borrowings amounted to approximately RMB1,744.8 million (as at 31 December 2014: RMB1,770.3 million), among which, approximately RMB609.7 million (as at 31 December 2014: RMB1,154.7 million) were secured by way of charge on the Group's assets. Approximately RMB330 million were denominated in US dollars while approximately RMB1,414 million were denominated in RMB.

	30 June 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Carrying amount repayable*:		
On demand and within one year (shown under current liabilities)	1,142,811	1,084,287
More than one year but not exceeding two years (shown under non-current liabilities)	602,000	686,000
	1,744,811	1,770,287

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

Management Discussion and Analysis

As at 30 June 2015, the cash and bank balances including pledged bank deposits amounted to approximately RMB332.0 million (as at 31 December 2014: RMB215.1 million).

The gearing ratio, defined as total liabilities divided by total assets, was decreased from approximately 69.9% as at 31 December 2014 to approximately 65.8% as at 30 June 2015 and debt to equity ratio, defined as total borrowings divided by total equity, decreased from 1.8 as at 31 December 2014 to approximately 1.6 as at 30 June 2015.

US dollar is one of the major settlement currencies for sales 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 2015, the Group has capital commitments approximately RMB74.8 million (as at 31 December 2014: RMB136.9 million).

Pledge of assets

As at 30 June 2015, the Group pledged property, plant and equipment, prepaid lease payments, pledged bank deposits and inventories for security of the Group's borrowings and obligation under finance lease with carrying account of approximately RMB988.0 million (as at 31 December 2014: RMB971.9 million).

Business review

Juice Concentrate and By-Product Processing

As a result of the fierce competition in the international market of apple juice concentrate, China's apple juice concentrate export volume declined in the first half of 2015 as compared to the same period of last year, and the Group's export volume also decreased as compared to last year.

The Group adjusted its sales strategy in view of market conditions by raising the percentage of its sales to Australia, New Zealand, Asia and South Africa where the market price is higher while maintaining its No.1 position in the industry in terms of export volume. As a result, the average unit selling price of apple juice concentrate of the Group was higher than the China average export price.

During the period under review, the Group implemented the strategy of "minimizing inventories" and continue to control its costs and expenses in different aspects, with an aim to lower the tied-up capital of its processing business and improving the profitability of its juice concentrate and by-product processing sector.

In respect of research and development, the Group put greater efforts into the research and development of new products and managed to make breakthroughs in end products such as high concentration ratio juice and bubble juice, diversifying its product offering. "C Fruit Talk" (C果語) and "Mum's Story" (媽媽的故事), being its main products, have covered major cities and regions in several provinces in the PRC through hotel, restaurant and theater channels, and "Eden View" ultimate juice series also gradually launched to the market. With the continuous implementation of the product diversification strategy and the increase in the proportion of sales volume of minor fruit juice, overall gross profit margin of the Group was further improved, by 3.6 percent as compared to the same period of last year.

Management Discussion and Analysis

During the period under review, the Group completed the construction of pectin production lines in Dangshan and the setup of production lines of various fruit juice in Qixia and Dangshan. The Group also improve the techniques and maintenance of the manufacturing plants to continuously improve their small niche fruit juice production capability and product quality, which has paved the way for its production of high-quality products in the second half of the year.

In the first half of 2015, the Group completed the application for two invention patents as follows:

Lactic acid bacteria fruit juice beverage and its preparation technology	Patent No. 201510375190.X
Compound fruit juice beverage and its production process	Patent No. 201510376954.7

Prospect

As people's living standards continue to improve in the PRC and domestic fruit juice consumption market further expand, the Group will continue to maintain good cooperation with its existing customers and strive to provide them with fruit juice products of a wider range and higher quality. As "C Fruit Talk" (C果語) and "Eden View" series of end juice products will be gradually launched in the PRC market through various channels in the second half of 2015, such products will hopefully become new growth drivers for the profit of the fruit juice sector.

Fresh fruit plantation and circulation

In 2015, the Group further comprehensively improved its abilities in seedling breeding, species selection, field construction, sorting and storage, packaging and logistic, and brand name development.

During the period under review, the Group setup 17 modern planting bases in provinces and regions such as Xinjiang, Ningxia, Yunnan and Beijing with strong support of local governments, completing its strategic planning in regions across China where high quality apples are produced. With apples as its main plantation products, the Group also diversifies into developing high-end attractive fruit such as mini carrots, kiwifruits, cherries, strawberries and blueberries to mitigate the risk for plantation of single product. Before its own bases entered into harvesting period, the Group continued to expand its product sale channels, which mainly comprise a number of nationwide chain supermarket, shopping centers and regional vegetable and fruit markets, using its model of “self-production, trading and import”.

During the period under review, the Group built an advanced technology modern apple assembly and storage industrial park among the world in Qianyang County, Shaanxi Province, which integrates process of apple sorting, packaging and cold storage, represents a bridgehead project of the Group’s whole agricultural industrial chain and will be put into operation in the second half of the year.

In respect of production management, the Group continued to improve the management and testing and inspection capability of its orchards by combining foreign advanced technologies with domestic practice and experience, which has helped to lower its production cost while improving the quality and production volume of its products.

Prospect

Going forward, while continuing to expand the size of its modern plantation and diversify product offering, the Group will also develop total solutions for various products, refine its standards for management and control and improve its technical environment in order to ensure efficient production of high-quality products at its production bases. As apple and strawberries become harvest in certain of its bases in the second half of 2015, the Group will continue to expand its sales channels and strive to strengthen the image of its “Eden View” brand.

Directors' Report

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

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

As at 30 June 2015, 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)	36.38%
		Interest of spouse	4,940,660 Shares ^(Note 2)	0.39%
		Beneficial owner	12,000,000 Shares ^(Note 3)	0.95%
			476,001,898 Shares	37.72%
Mr. Zhang Xiang	The Company	Beneficial owner	972,000 Shares ^(Note 3)	0.08%
Mr. Ding Li	The Company	Beneficial owner	972,000 Shares ^(Note 3)	0.08%
Mr. Zhao Chungjun	The Company	Beneficial owner	972,000 Shares ^(Note 3)	0.08%

Notes:

1. As at 30 June 2015, 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 2015, the 4,940,660 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 4,940,660 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 2015, 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 2015, 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	471,061,238 Shares ^(Note 1)	37.33%
		Beneficial owner	4,940,660 Shares ^(Note 2)	0.39%
			476,001,898 Shares	37.72%
Think Honour	The Company	Beneficial owner	459,061,238 Shares ^(Note 3)	36.38%
Goldman Sachs & Co.	The Company	Interest of controlled corporation	232,344,000 Shares ^(Note 4)	18.41%
The Goldman Sachs Group, Inc	The Company	Interest of controlled corporation	232,344,000 Shares ^(Note 4)	18.41%
GS Advisors 2000, L.L.C	The Company	Investment manager	183,759,488 Shares	14.56%
GS Capital Partners 2000, L.P.	The Company	Beneficial owner	134,784,127 Shares	10.68%

Notes:

- Ms. Xie Haiyan is the spouse of Mr. Gao Liang. Ms. Xie Haiyan is deemed to be interested in the 471,061,238 Shares in which Mr. Gao Liang is deemed to be interested by virtue of the SFO.
- Among the 4,940,660 shares, 552,000 shares are the underlying shares granted under the share option scheme of the Company.
- The entire issued share capital of Think Honour was held by Mr. Gao Liang.

4. 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 2015.

Corporate Governance Practices

During the six months ended 30 June 2015, 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 2015 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;
- (iii) any customer of the Group or any Invested Entity;
- (iv) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and
- (v) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group and any Invested Entity.

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

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

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

Date of grant	Vesting period	Exercise price HK\$	Exercisable period	Outstanding at 1.1.2015	Granted during the period	Exercised during the period	Forfeited during the period	Lapsed during the period	Outstanding at 30.6.2015
18.7.2014	18.7.2014 to 17.1.2014	0.33	18.1.2015 to 17.7.2017	20,130,000	-	1,868,000	252,000	-	18,010,000
18.7.2014	18.7.2014 to 17.7.2014	0.33	18.7.2015 to 17.7.2017	20,130,000	-	-	252,000	-	19,878,000
				40,260,000	-	1,868,000	504,000	-	37,888,000
Exercisable at 30 June 2015									18,010,000

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 2015.

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 2015 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, 27 August, 2015

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

	NOTES	(Unaudited)	
		Six months ended 30 June	
		2015	2014
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	569,533	763,790
Cost of sales		(451,975)	(634,232)
Gross profit		117,558	129,558
Other income		44,761	27,444
Other gain and loss		2,258	1,383
Distribution and selling expenses		(57,366)	(64,042)
Administrative expenses		(49,315)	(46,006)
Other operating expenses		(914)	(631)
Finance costs		(51,067)	(50,838)
Profit/(loss) before taxation		5,915	(3,132)
Taxation	5	(679)	(1,364)
Profit/(loss) for the period	6	5,236	(4,496)
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		(3)	70
Other comprehensive (expense)/income for the period		(3)	70
Total comprehensive income/(expense) for the period		5,233	(4,426)
Profit/(loss) for the period attributable to:			
Owners of the Company		3,299	(4,510)
Non-controlling interests		1,937	14
		5,236	(4,496)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

		(Unaudited)	
		Six months ended 30 June	
		2015	2014
	NOTES	<i>RMB'000</i>	<i>RMB'000</i>
<hr/>			
Total comprehensive income/(expense)			
attributable to:			
Owners of the Company		3,296	(4,440)
Non-controlling interests		1,937	14
		<hr/> 5,233 <hr/>	<hr/> (4,426) <hr/>
Dividends	7	–	–
<hr/>			
Earnings/(loss) per share (RMB cents)			
Basic	8	0.26 cents	(0.36) cents
Diluted	8	0.26 cents	(0.36) cents
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Condensed Consolidated Statement of Financial Position

At 30 June 2015

		30 June 2015	31 December 2014
		(Unaudited)	(Audited)
	NOTES	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,470,181	1,435,169
Prepaid lease payments		91,067	92,807
Biological assets		285,959	107,584
		1,847,207	1,635,560
CURRENT ASSETS			
Inventories	10	721,251	1,077,514
Trade and other receivables	11	388,745	353,525
Amounts due from related companies		–	164
Prepaid lease payments		1,672	2,523
Pledged bank deposits		57,473	41,425
Bank balances and cash		274,508	173,690
		1,443,649	1,648,841
CURRENT LIABILITIES			
Trade and other payables	12	231,768	374,772
Bills payables		165,194	100,000
Tax liabilities		1,729	2,327
Dividend payable to non-controlling shareholders of a subsidiary		63	63
Bank and other borrowings – due within one year		1,142,811	1,084,287
Obligation under finance lease		8,836	34,568
		1,550,401	1,596,017

Condensed Consolidated Statement of Financial Position

At 30 June 2015

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
NOTES		
NET CURRENT ASSETS/(LIABILITIES)	(106,752)	52,824
	1,740,455	1,688,384
CAPITAL AND RESERVES		
Share capital	13,054	13,039
Reserves	967,039	974,434
Equity attributable to owners of the Company	980,093	987,473
Non-controlling interests	145,405	2,305
Total equity	1,125,498	989,778
NON-CURRENT LIABILITIES		
Bank and other borrowings – due after one year	602,000	686,000
Deferred tax liabilities	12,957	12,606
	614,957	698,606
	1,740,455	1,688,384

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	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 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
At 1 January 2015 (audited)	13,039	202,327	2,127	258,722	(1,220)	172,692	(1,087)	340,873	987,473	2,305	989,778
Profit for the period (unaudited)	-	-	-	-	-	-	-	3,299	3,299	1,937	5,236
Exchange differences arising on translation of foreign operations (unaudited)	-	-	-	-	(3)	-	-	-	(3)	-	(3)
Total comprehensive income for the period (unaudited)	-	-	-	-	(3)	-	-	3,299	3,296	1,937	5,233
Issue of shares	15	472	-	-	-	-	-	-	487	-	487
Contribution from minority shareholder of a subsidiary	-	-	-	-	-	(3,113)	-	(8,050)	(11,163)	141,163	130,000
Appropriated from accumulated profits (unaudited)	-	-	-	-	-	3,307	-	(3,307)	-	-	-
At 30 June 2015 (unaudited)	13,054	202,799	2,127	258,722	(1,223)	172,886	(1,087)	332,815	980,093	145,405	1,125,498

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	(Unaudited)	
	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash generated from operating activities	352,244	384,758
Net cash used in investing activities		
Purchase of property, plant and equipment	(84,662)	(81,529)
Purchase of biological assets	(178,375)	–
Other investing activities	(16,601)	9,808
	(279,638)	(71,721)
Net cash generated from/(used in) financing activities		
New bank and other borrowings raised	680,997	685,580
Repayment of bank and other borrowings	(732,205)	(865,177)
Contribution from minority shareholders of a subsidiary	130,000	–
Other financing activities	(50,580)	(68,960)
	28,212	(248,557)
Increase in cash and cash equivalents	100,818	64,480
Cash and cash equivalent at 1 January	173,690	182,906
Cash and cash equivalent at 30 June, representing bank balances and cash	274,508	247,386

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”). This consolidated financial statements are presented in Chinese Renminbi (“RMB”), which is also the functional currency of the Company.

2. Basis of preparation

These 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 2014, except for the adoption of the standards, amendments and interpretations issued by the IASB mandatory for annual periods beginning 1 January 2015. The effect of the adoption of these standards, amendments and interpretations was not material to the Group’s results of operations or financial position.

4. Revenue and segment information

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

The Group is principally engaged in the manufacture and sales of fruit juice concentrate and related products. About 80% (2014: 85%) 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	2014	30 June	31 December
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
North America	256,495	375,710	66	32
Asia	200,608	234,479	1,847,141	1,635,528
Europe and Russia	811	5,862		
Australia	11,880	10,665		
Africa and others	99,739	137,074		
	569,533	763,790	1,847,207	1,635,560

5. Taxation

	(Unaudited)	
	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
– PRC Enterprise Income Tax	389	1,281
– Other Jurisdictions	17	20
	406	1,301
Deferred taxation	273	63
	679	1,364

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 2013 and 2014. The PRC subsidiary will need to apply for the preferential tax rate for 2015.

For the year ended 31 December 2013 and 2014, certain subsidiaries of the Company, Shaanxi Haisheng, 陝西海升果業發展股份有限公司 translated as Shaanxi Haisheng Fresh Fruit Juice Co., Ltd. ("Shaanxi Haisheng"), 青島海升果業有限公司 translated as Qingdao Haisheng Fresh Juice Co., Ltd. ("Qingdao Haisheng"), 大連海升果業有限責任公司 translated as Dalian Haisheng Fresh Fruit Juice Co., Ltd. ("Dalian Haisheng"), 棲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.,

Notes to the Condensed Interim Consolidated Financial Information

Ltd. (“Yitian Shaanxi”) were approved as “農產品初加工企業” (original farm products assembly enterprises) in connection to their production of juice concentrate products. As a result, Shaanxi Haisheng, Qingdao Haisheng, Dalian Haisheng, Qixia Haisheng and Yitian Shaanxi were exempted from EIT for both years. Certain provinces required the application of tax exemption under “農產品初加工企業” in 2015.

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. Profit/(loss) for the period

	(Unaudited)	
	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) for the period has been arrived at after charging (crediting):		
Directors' remuneration	1,110	1,097
Other staff costs	28,456	25,509
Retirement benefits scheme contributions	6,897	6,194
Share based payments	–	–
Total staff costs	36,463	32,800
Release of prepaid lease payments included in administrative expenses	870	598
Depreciation of property, plant and equipment	49,219	49,335
Loss on disposal of property, plant and equipment	431	75
Cost of inventories recognised in the condensed consolidated statement of profit or loss and other comprehensive income	451,975	634,232
Gain on disposal of a subsidiary	–	(10,817)
Bank interests income	(553)	(571)

7. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

8. Earnings/(loss) per share

The calculation of the basic and diluted earnings/(loss) per share attributable to owners of the Company is based on the following data:

	(Unaudited)	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Profit/(loss) for the purposes of basic and diluted earnings/(loss) per share		
Profit/(loss) for the period attributable to owners of the Company	3,299	(4,510)
	Number of shares	
	Six months ended 30 June	
	2015	2014
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	1,260,535,556	1,260,000,000
Effect of dilutive potential ordinary shares in respect of share options	10,476,008	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	1,271,011,564	1,260,000,000

Notes to the Condensed Interim Consolidated Financial Information

The computation of the diluted loss per share for the six months ended 30 June 2014 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 RMB84,662,000 on acquisition of property, plant and equipment.

10. Inventories

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Raw materials	81,960	52,907
Work in progress	92,920	178,253
Finished goods	546,371	846,354
	721,251	1,077,514

11. Trade and other receivables

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Trade receivables	123,298	176,428
Less: allowance for doubtful debts	(5,107)	(5,107)
	118,191	171,321
Value added tax and other tax receivable	29,616	70,323
Advances to suppliers	122,856	72,558
Others	118,082	39,323
	388,745	353,525

Notes to the Condensed Interim Consolidated Financial Information

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

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Aged:		
0-90 days	118,191	170,658
91-180 days	–	663
	118,191	171,321

12. Trade and other payables

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Trade payables	116,774	224,566
Payable for acquisition of property, plant and equipment	39,387	44,665
Advances from customers	22,823	22,823
Accrual salaries	8,531	8,547
Accrual interests	5,491	30,373
Other tax payable	6,399	12,294
Others	32,363	31,504
	231,768	374,772

Notes to the Condensed Interim Consolidated Financial Information

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

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Aged:		
0-90 days	74,410	189,039
91-180 days	14,442	29,386
181-365 days	23,996	4,301
Over 1 year	3,926	1,840
	116,774	224,566

13. Capital commitments

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of – property, plant and equipment	74,753	136,936