



CHINA PUTIAN FOOD HOLDING LIMITED
中國普甜食品控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 1699



Interim Report 中期報告 2015



China Putian Food Holding Limited is a
LEADING VERTICALLY
INTEGRATED pork products supplier

中國普甜食品控股有限公司為

領先的垂直一體化 豬肉供應商



CONTENTS

Corporate Information	2
Management Discussion & Analysis	3
Interim Financial Report	9
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	9
Condensed Consolidated Statement of Financial Position	10
Condensed Consolidated Statement of Changes in Equity	12
Condensed Consolidated Statement of Cash Flows	13
Notes to the Condensed Consolidated Interim Financial Statements	14
Other Information	33



Corporate Information

DIRECTORS

Executive Directors

Mr. Cai Chenyang (*Chairman*)
Mr. Cai Haifang
Ms. Cai Shengyin

Independent Non-Executive Directors

Mr. Wu Shiming
Mr. Cai Zirong
Mr. Wang Aiguo

AUDIT COMMITTEE

Mr. Wu Shiming (*Committee Chairman*)
Mr. Cai Zirong
Mr. Wang Aiguo

REMUNERATION COMMITTEE

Mr. Cai Zirong (*Committee Chairman*)
Mr. Wu Shiming
Mr. Wang Aiguo

NOMINATION COMMITTEE

Mr. Wang Aiguo (*Committee Chairman*)
Mr. Wu Shiming
Mr. Cai Zirong

COMPANY SECRETARY

Mr. Ku Kin Shing, Ignatius *HKICPA, CPA (Aust.)*

LEGAL ADVISOR

Cheung Tong & Rosa Solicitors

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

PRINCIPAL BANKERS

Bank of China
No. 156, Dongda Road
Chengxiang District
Putian City
Fujian Province, the PRC

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

No. 3312, 33rd Floor, West Tower
Shun Tak Centre
No. 168–200 Connaught Road
Central, Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Hualin Road, Hualin Industrial Zone
Chengxiang District
Putian City, Fujian Province
the PRC

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY WEBSITE

www.putian.com.hk

STOCK CODE

1699

Management Discussion & Analysis



BUSINESS REVIEW

China Putian Food Holding Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) is one of the largest vertically integrated pork suppliers in Fujian Province of China and committed to producing pork products in the highest standards of safety and quality. Its vertically integrated business model covers the entire industry chain from hog farming, hog slaughtering, pork separating to sales and distribution of pork. The Group’s production facilities comprises a hog farm in compliance with national standards, five large-scale contract farms and one slaughterhouse with a maximum annual slaughtering capacity of 2 million hogs.

For the six months ended 30 June 2015 (the “Review Period”), the Group recorded revenue of approximately RMB324,833,000, representing an increase of approximately 4.6% as compared to the six months ended 30 June 2014, and net profit of approximately RMB11,756,000,

representing a decrease of approximately 74.5% as compared to the six months ended 30 June 2014. The drop in net profit was mainly due to the additional expenses incurred by the Group, which are as follows: (i) interest expenses of approximately RMB16,169,000 for the convertible bonds issued by the Company to Vandi Investments Limited on 26 June 2014 (the “Convertible Bonds”) and (ii) the increase of administrative expenses of approximately RMB14,979,000, which included the fair value of employees’ share options and the operating expenses of the newly established companies in Beijing and Xuanhua.

To satisfy increasing market demand for high-end pork, the Company was building a distribution network in Beijing during the Review Period in anticipation of the coming launch of the black hog farm in Xuanhua, Hebei and sale of black hog products in the Beijing market. With keen market insight, the Company has also been optimising and adjusting its existing business in addition to upgrading the production facilities at its headquarter in Putian, Fujian.

FINANCIAL REVIEW

1. Revenue

The following table sets out a breakdown of the unaudited revenue of the Group by sales segments and their respective percentage of the total revenue during the Review Period:

	Six months ended 30 June			
	2015		2014	
	RMB’000 (Unaudited)	Percentage of total revenue	RMB’000 (Unaudited)	Percentage of total revenue
Revenue				
Retail of pork	165,041	50.8%	163,068	52.5%
Wholesale of pork	145,599	44.8%	147,379	47.5%
Retail of frozen pork	14,193	4.4%	—	—
	324,833	100.0%	310,447	100.0%

The total unaudited revenue of the Group increased from approximately RMB310,447,000 for the six months ended 30 June 2014 to approximately RMB324,833,000 for the six months ended 30 June 2015, resulting in an increase in total revenue of approximately 4.6% as compared to the corresponding period of last year, which was mainly attributable to an increase in sales of pork products.



Management Discussion & Analysis (Continued)



Revenue from Retail of Pork

The Group's unaudited revenue from retail of pork increased from approximately RMB163,068,000 for the six months ended 30 June 2014 to approximately RMB165,041,000 for the six months ended 30 June 2015. The Group continued to expand its sales network as well as market share of pork retailing in target regions. As of 30 June 2015, the Group had 91 supermarket retail counters, including counters in New Hua Du, Walmart, China Resources Vanguard, Century Lianhua, RT-Mart, Rainbow etc in five cities of the Fujian region, namely Ningde, Fuzhou, Putian, Quanzhou and Zhangzhou. In Beijing, the Group conducted retail sales through counters in certain influential supermarkets such as New World and C.P. Lotus Corporation. The Company also had 23 direct sales retail outlets of its own, which were located in Putian and Fuzhou in Fujian Province. Through internet advertising campaigns and favorable recommendations among customers, products of the "Putian" brand have gradually gained recognition of being reliable and savory, particularly from those high spending consumers, who concern about their living standards. The management expects the revenue from retail of pork to increase with further expansion of the distribution network of the products of "Putian" brand.

Revenue from Wholesale of Pork

The Group's unaudited revenue from wholesale of pork reduced by 1.2% from approximately RMB147,379,000 for the six months ended 30 June 2014 to approximately RMB145,599,000 for the six months ended 30 June 2015. Prices were dropping due to regional competition of whole hog wholesale in Hangzhou such that the Group has suspended the wholesale of pork in the Hangzhou region to prevent the revenue from wholesale of pork from further falling.

Revenue from Retail of Frozen Pork

The revenue from the newly launched frozen pork products was approximately RMB14,193,000 for the six months ended 30 June 2015. The frozen pork products were mainly sold to renowned meat processing plants in Fujian Province. The Group will optimise the current business by adjusting the frozen pork retailing business in the future according to market demand.



Management Discussion & Analysis (Continued)



2. Gross Profit and Gross Profit Margin

The following table sets out the total gross profit and gross profit margin of the Group by sales segments during the Review Period:

	Six months ended 30 June			
	2015		2014	
	RMB'000 (Unaudited)	Gross profit margin (%)	RMB'000 (Unaudited)	Gross profit margin (%)
Gross profit and gross profit margin				
Retail of pork	43,805	26.5	46,444	28.5
Wholesale of pork	30,411	20.9	35,644	24.2
Retail of frozen pork	746	5.3	—	—
	74,962	23.1	82,088	26.4

The overall unaudited gross profit of the Group decreased from approximately RMB82,088,000 for the six months ended 30 June 2014 to approximately RMB74,962,000 for the six months ended 30 June 2015. The overall gross profit margin of the Group decreased from approximately 26.4% for the six months ended 30 June 2014 to approximately 23.1% for the six months ended 30 June 2015.

Gross Profit and Gross Profit Margin for the Retail of Pork

The gross profit from the retail of pork decreased from approximately RMB46,444,000 for the six months ended 30 June 2014 to approximately RMB43,805,000 for the six months ended 30 June 2015. The gross profit margin for the retail of pork dropped from approximately 28.5% for the six months ended 30 June 2014 to approximately 26.5% for the six months ended 30 June 2015. For the Review Period, the gross profit margin dropped slightly due to an increase of approximately 2.7% in average cost of sales per kilogram arising from the expansion of the Group's distribution network.

Gross Profit and Gross Profit Margin for the Wholesale of Pork

The gross profit from the wholesale of pork fell from approximately RMB35,644,000 for the six months ended 30 June 2014 to approximately RMB30,411,000 for the six months ended 30 June 2015. The gross profit margin for the wholesale of pork dropped from approximately 24.2% for the six months ended 30 June 2014 to 20.9% for the six months ended 30 June 2015. The average selling price of wholesale products dropped by approximately 1.6% and the average cost of sales per kilogram was raised by approximately 2.7% such that the gross profit was reduced. To stabilize the gross profit of the existing business, the Group suspended the wholesale of whole hog in the Hangzhou region. Gross profit margin may increase gradually along with continual adjustment and optimisation of the Group.





Gross Profit for the Retail of Frozen Pork

The gross profit and gross profit margin for the retail of newly marketed frozen pork was approximately RMB746,000 and 5.3% for the six months ended 30 June 2015. As the retail of frozen pork is a new business, the Group will monitor the market change closely and adjust the supply of frozen pork accordingly to maximise the overall gross profit.

3. Profit for the six month ended 30 June 2015

The profit for the six month ended 30 June 2015 reduced by approximately 74.5% from approximately RMB46,071,000 for the six months ended 30 June 2014 to approximately RMB11,756,000 for the six months ended 30 June 2015. The fall was mainly due to (i) the decline of approximately 1.6% in the average price of wholesale products; (ii) the rise of approximately 2.7% in the average costs per kilogram of retail and wholesale products; (iii) the increase in administrative expenses from approximately RMB16,878,000 for the six months ended 30 June 2014 to approximately RMB31,857,000 for the six months ended 30 June 2015, which mainly consisted of the fair value of employee stock options of approximately RMB6,289,000 and the operating expenses of the newly established companies in Beijing and Xuanhua (such as office expenses, reception and travel expenses, salaries and employee welfares, and rentals, etc.) of approximately RMB9,000,000; (iv) the increase in financial expenses from approximately RMB5,009,000 for the six months ended 30 June 2014 to approximately RMB20,505,000 for the six months ended 30 June 2015 due to the interest expenses for Convertible Bonds.

PROSPECTS

1. High-end black hogs increased the Group's overall gross profit margin and realized the high-value of the brand

In view of the increase in demand for black hogs in the Beijing market and given the launch of the first-phase black hog farming base of more than 1,080 mu in Xuanhua, Hebei, the Group is devoted to embracing the demand for high-quality pork in the market and achieving the target of building the "Number One High-quality Pork Brand in China" by enhancing the brand of "Putian Black Pearl" among Beijing customers and expanding business to other economically advanced cities in China. The Group collaborates with prestigious agricultural research bodies such as higher-education institutions to breed domestic pedigree and precious hogs in order to improve their quality and increase its production capability. It will maximise the value of its brand while providing customers with real high-quality pork products. Furthermore, the Group will follow the plan of "scalability, diversity, effectiveness" to further improve the production chain and endlessly explore the ways to increase the added-values of its products.





2. Optimisation of e-commerce platform for sales of pork and promotion of brand recognition and loyalty

The Group will continuously build and optimize the e-commerce platform system for the Group to master on-line and off-line, retail and wholesale channels. Meanwhile, the Group will continue to use the e-commerce platform to enhance corporate brand building, themed table culture advertising, on-line product sales, virtual farming participation and other activities among the consumers to build corporate culture and display our excellent “business operation model and processes” by promoting Chinese food culture and high-quality pork consumption habit with a view to fostering the recognition and loyalty of mid-to-high-end consumers to the “Putian” brand of pork, facilitating a thorough customers’ understanding of our hog farming and production, building customers’ preference towards the “Putian” pork, and achieving a new record of the sales.

LIQUIDITY AND FINANCIAL RESOURCES

Financial Resources

The Group primarily finances the capital required for operations by internally generated cashflow and bank facilities. As at 30 June 2015, cash and bank balances amounted to approximately RMB12,314,000 (31 December 2014: approximately RMB79,882,000).

Borrowings and Pledged Assets

As at 30 June 2015, the total amount of interest-bearing bank borrowings was approximately RMB120,000,000 (31 December 2014: approximately RMB140,000,000), all of which was denominated in Renminbi and on a floating interest rate.

As at 30 June 2015, the bank borrowings of RMB120,000,000 was pledged by the Group’s property, plant and equipment and land with a total carrying value of approximately RMB131,700,000 (31 December 2014: approximately RMB135,488,000).

Gearing Ratio

As at 30 June 2015, the gearing ratio of the Group was 42.9% (31 December 2014: 46.6%). This was calculated by dividing interest bearing bank borrowings and convertible bonds with the total equity of the Group as at 30 June 2015.

FOREIGN EXCHANGE RISK

The Group’s main operations are located at Putian City, Fujian Province, the PRC. Most of the assets, income, payments and cash balances are denominated in Renminbi. Additionally, the Group has not entered into any foreign exchange hedging arrangement. The directors of the Company consider that exchange rate fluctuation had no material impact on the Company’s performance.





Management Discussion & Analysis (Continued)



MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

There was no material acquisition and disposal of subsidiaries or associated companies during the Review Period.

OPERATING LEASE COMMITMENTS

As at 30 June 2015, the Group had operating lease commitments of approximately RMB42,150,000 (31 December 2014: approximately RMB42,737,000).

CONTINGENT LIABILITIES

As at 30 June 2015, the Group had no material contingent liabilities (30 June 2014: Nil).

HUMAN RESOURCES

As at 30 June 2015, the Group had 683 employees. Staff costs, including directors' emoluments, totalled approximately RMB15,412,000 (30 June 2014: approximately RMB12,856,000) during the Review Period. All of the Group's companies are equal opportunity employers, with the selection and promotion of individuals based on their suitability for the position offered. The Group operates a defined contribution mandatory provident fund retirement benefits for its employees in Hong Kong, and provides its PRC employees with welfare schemes as required by the applicable laws and regulations in the PRC.

Interim Financial Report



The Board of Directors (the “Board”) of China Putian Food Holding Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2015 together with the comparative figures for the corresponding period of 30 June 2014.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Revenue	4	324,833	310,447
Cost of sales		(249,871)	(228,359)
Gross profit		74,962	82,088
Other revenue and gains	5	1,305	779
Gain/(loss) arising from change in fair value less costs to sell of biological assets	12	1,065	(1,777)
Selling and distribution expenses		(13,214)	(12,960)
Administrative expenses		(31,857)	(16,878)
Finance costs	6	(20,505)	(5,009)
Other operating expenses		—	(172)
Profit before taxation		11,756	46,071
Taxation	7	—	—
Profit for the period	8	11,756	46,071
Other comprehensive income for the period, net of income tax:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		963	3,581
Other comprehensive income for the period, net of income tax		963	3,581
Total comprehensive income for the period		12,719	49,652
Profit for the period attributable to owners of the Company		11,756	46,071
Total comprehensive income for the period attributable to the owners of the Company		12,719	49,652
Earnings per share	10		
— Basic (RMB cents per share)		1.47	5.76
— Diluted (RMB cents per share)		1.47	4.86



Condensed Consolidated Statement of Financial Position

As at 30 June 2015

	Notes	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	11	426,532	359,167
Prepaid lease payments		91,501	93,683
Biological assets	12	4,906	5,150
Deposits paid for property, plant and equipment		97,901	91,577
Deposits paid for prepaid lease payments		15,067	15,067
		635,907	564,644
Current assets			
Inventories		40,280	38,457
Biological assets	12	68,766	54,612
Trade receivables	13	92,967	86,393
Deposits paid, prepayments and other receivables	14	37,597	45,998
Prepaid lease payments		4,364	4,363
Pledged bank deposits		7,202	3,000
Cash and bank balances		12,314	79,882
		263,490	312,705
Current liabilities			
Trade and bills payables	15	29,536	16,178
Accruals, deposits received and other payables	16	11,028	8,156
Bank borrowings	18	120,000	140,000
Deferred revenue		253	253
		160,817	164,587
Net current assets		102,673	148,118
Total assets less current liabilities		738,580	712,762

Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2015



	Notes	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Equity			
Share capital	17	65,178	65,178
Reserves		533,199	514,194
Total equity		598,377	579,372
Non-current liabilities			
Convertible bonds	19	136,889	129,950
Deferred revenue		3,314	3,440
		140,203	133,390
Total equity and non-current liabilities		738,580	712,762



Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Share capital	Share premium	Exchange Reserve	Statutory reserve	Convertible Note Reserve	Share options reserve	Other reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2014 (Audited)	65,178	18,586	1,271	43,970	—	—	53,015	300,669	482,689
Profit for the period	—	—	—	—	—	—	—	46,071	46,071
Other comprehensive income for the period	—	—	3,581	—	—	—	—	—	3,581
Total comprehensive income for the period	—	—	3,581	—	—	—	—	46,071	49,652
Transfer to statutory reserve	—	—	—	5,192	—	—	—	(5,192)	—
Issue of convertible bonds	—	—	—	—	32,212	—	—	—	32,212
As at 30 June 2014 (Unaudited)	65,178	18,586	4,852	49,162	32,212	—	53,015	341,548	564,553
As at 1 January 2015 (Audited)	65,178	18,586	5,345	53,153	32,212	—	53,015	351,883	579,372
Profit for the period	—	—	—	—	—	—	—	11,756	11,756
Other comprehensive income for the period	—	—	963	—	—	—	—	—	963
Total comprehensive income for the period	—	—	963	—	—	—	—	11,756	12,719
Transfer to statutory reserve	—	—	—	4,880	—	—	—	(4,880)	—
Grant of share options	—	—	—	—	—	6,286	—	—	6,286
As at 30 June 2015 (Unaudited)	65,178	18,586	6,308	58,033	32,212	6,286	53,015	358,759	598,377

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015



Six months ended 30 June
 2015
 RMB'000
 (Unaudited)

2014
 RMB'000
 (Unaudited)

	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Net cash generated from operating activities	47,949	41,041
Investing activities		
Interest received	192	60
Deposits paid for property, plant and equipment	(6,325)	(5,555)
Payments for property, plant and equipment	(73,522)	(16,374)
Net cash used in investing activities	(79,655)	(21,869)
Financing activities		
Interest paid	(12,590)	(5,009)
Proceeds from bank borrowings	—	48,000
Repayments of bank borrowings	(20,000)	(58,000)
Increase in pledged bank deposits	(4,202)	(4,292)
Proceeds from issue of convertible bonds	—	155,428
Net cash (used in)/generated from financing activities	(36,792)	136,127
Net (decrease)/increase in cash and cash equivalents	(68,498)	155,299
Cash and cash equivalents at the beginning of the period	79,882	7,246
Effect of foreign exchange rate changes	930	3,581
Cash and cash equivalents at the end of the period	12,314	166,126



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2015

1. BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2015 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). They have been prepared under the historical cost convention, except for financial assets and financial liabilities, which are carried at fair value. The condensed consolidated interim financial information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated. The condensed consolidated interim financial information is unaudited but have been reviewed by the audit committee of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in preparing the condensed consolidated interim financial information are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 December 2014 except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA as discussed below.

In the current interim period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1 January 2015.

The applicable new and revised HKFRSs adopted in the condensed consolidated interim financial information are set out below:

HKAS 19 (Amendments)	Defined Benefits Plans: Employee Contribution
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

The application of the above new and revised HKFRSs has had no material effect on the results and financial positions of the Group for the current or prior accounting periods which have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective.

The Group is in the process of making an assessment of the impact of the HKFRSs initial application but is not yet in a position to state whether the HKFRSs would have a significant impact on the Group’s results of operations and financial position.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015



3. SEGMENT INFORMATION

The Group currently operates in one operating segment which is the sales of pork operation. A single management team reports to the Group's Chief Executive Officer (being the chief operating decision-maker) who allocates resources and assesses performance based on the consolidated results for the year for the entire business comprehensively. Accordingly, the Group does not present separately segment information.

During each of the reporting period, all revenue is derived from customers in the People's Republic of China (the "PRC") and almost all the non-current assets of the Group are located in the PRC.

4. REVENUE

Revenue represents the net invoiced value of good sold, excludes value added tax or other sales tax and is after deduction of any trade discounts.

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Revenue from		
– Retail of pork	165,041	163,068
– Wholesale of pork	145,599	147,379
– Retail of frozen pork	14,193	–
	324,833	310,447



Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015

5. OTHER REVENUE AND GAINS

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Interest income on:		
Bank deposits	192	60
Amortisation of deferred revenue	127	127
Gain on disposal of hog droppings	44	18
Gain on disposal of biological assets	360	554
Government grants (Note)	500	—
Sundry income	82	20
	1,305	779

Note: Government grants include subsidies received by a subsidiary of the Group which operates in the PRC in accordance with the subsidy policies of local government authorities and in relation to the construction of hog farms and slaughterhouse. Subsidies income received by a subsidiary of the Group is recognised in the condensed consolidated statements of comprehensive income when received and no specific conditions have been required to fulfill. Those government grants in relation to the construction of hogs farm and slaughterhouse are recognised as deferred revenue. The government grants recognised during the year are non-recurring. There are no unfulfilled conditions or contingencies relating to these government grants.

6. FINANCE COSTS

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Interest on:		
— Bank borrowings wholly repayable within five years	4,336	4,670
— Imputed interest charged on convertible bonds (Note 19)	16,169	339
	20,505	5,009

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015



7. TAXATION

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Profit before taxation	11,756	46,071
Tax at the applicable income tax rate	5,305	10,547
Tax exemption for subsidiary operating in the PRC	(9,897)	(11,183)
Tax effect of expenses not deductible for tax purposes	2,667	—
Tax effect of tax loss not recognised	1,925	636
Income tax expenses	—	—

Notes:

- (a) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI during the reporting period.
- (b) No provision for Hong Kong profits tax has been made as the Group did not have any assessable profits subject to Hong Kong profits tax at the rate of 16.5% (2014: 16.5%) during the reporting period.
- (c) On 1 January 2008, the Foreign Investment Enterprise and Foreign Enterprise Income Tax Law of the PRC (中華人民共和國外商投資企業和外國企業所得稅法) was repealed, and the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) ("EIT Law"), promulgated on 16 March 2007, became effective. Pursuant to the EIT Law of the PRC, the statutory tax rate of Enterprise Income Tax (the "EIT") for both domestic enterprises and foreign investment enterprises is 25%.

According to Article 16 (1) of the Provisional Regulations of the People's Republic of China on Value-Added Tax (中華人民共和國增值稅暫行條例), self-produced agricultural products sold by agricultural producers are exempted from the statutory value-added tax ("VAT") of 13% of sales.

According to Article 86 (1) of the Implementation Regulations of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法實施條例), income derived by an enterprise from engaging in the raising of livestock and poultry shall be exempted from EIT.

- (d) According to the EIT Law and implementation of the regulations issued by the State Council, income tax at the rate of 5% is applicable to any dividends payable to investors that are "non-resident enterprises" (and that do not have an establishment or place of business in China, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business) to the extent such dividends have their source within the PRC. Fujian Tianyi is considered as "resident enterprise" by the Chinese government, and it is required to pay withholding tax on the dividend payable to the foreign shareholders and foreign shareholders also have to pay PRC income tax on gain on transfer of shares.

Since the Group can control the quantum and timing of distribution of profits of the Group's subsidiaries in the PRC, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.



Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015

8. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Staff costs including directors' emoluments		
Salaries and other emoluments	14,555	12,200
Retirement scheme contributions	857	656
Total staff costs	15,412	12,856
Depreciation of property, plant and equipment	6,156	5,458
Amortisation of prepaid lease payments	2,182	1,794
Total depreciation and amortization	8,338	7,252
Equity-settled share based payment expense	6,289	—

9. DIVIDENDS

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

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015



10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the followings data:

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Earnings for the purpose of basic earnings per share calculation	11,756	46,071
Effective of dilutive potential ordinary shares:		
Interest on convertible bonds (net of tax)	16,169	282
Earnings for the purpose of diluted earnings per share calculation	27,925	46,353

	Six months ended 30 June	
	2015 '000 (Unaudited)	2014 '000 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	800,000	800,000
Effect of dilutive potential ordinary shares:		
— Convertible bonds	153,846	153,846
— Share options	9,201	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	963,047	953,846

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

11. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired plant and machinery, office equipment, motor vehicles and construction in progress of approximately RMB9,093,000 (2014: RMB1,783,000), RMB1,060,000 (2014: RMB1,371,000), RMB509,000 (2014: RMB2,701,000) and RMB62,860,000 (2014: RMB40,477,000) respectively.



Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015

12. BIOLOGICAL ASSETS

Movements of biological assets are summarised as follows:

	Breeder hogs RMB'000	Commodity hogs RMB'000	Total RMB'000
As at 1 January 2014 (Audited)	4,562	47,170	51,732
Increase due to purchases	2,219	395,003	397,222
Increase due to raising (Feeding cost and others)	4,167	157,177	161,344
Transfer	(4,749)	4,749	—
Decrease due to retirement and deaths	—	(3,745)	(3,745)
Decrease due to sales	(851)	(545,277)	(546,128)
Change in fair value less costs to sell	(198)	(465)	(663)
As at 31 December 2014 and 1 January 2015 (Audited)	5,150	54,612	59,762
Increase due to purchases	4,336	187,264	191,600
Increase due to raising (Feeding cost and others)	2,273	71,020	73,293
Transfer	(4,127)	4,127	—
Decrease due to retirement and deaths	—	(1,750)	(1,750)
Decrease due to sales	(2,354)	(247,944)	(250,298)
Change in fair value less costs to sell	(372)	1,437	1,065
As at 30 June 2015 (Unaudited)	4,906	68,766	73,672

Note: The Group's biological assets as at 30 June 2015 and 31 December 2014 have been arrived at on the basis of a valuation carried out by Assets Appraisal Limited (the "Valuer"). Given the nature of the biological assets where market determined prices are available, the fair values less costs to sell have been determined by the market approach based on the market-determined prices as at 30 June 2015 and 31 December 2014 adjusted with such attributes as pig breed and stage of growth in the lifecycle. The resulting gain arising from changes in fair value less costs to sell of biological assets of approximately RMB1,065,000 (loss recognised for the six months ended 30 June 2014: approximately RMB1,777,000) has been recognised directly in profit or loss for the six months ended 30 June 2015.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015



13. TRADE RECEIVABLES

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Trade receivables	92,967	86,393

The Group normally allows a credit period ranging from cash upon delivery to 90 days depending on the customer's creditworthiness and the length of business relationship with the customers. The ageing analysis of trade receivables based on the invoice date at the end of the each period is as follows:

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Within 30 days	56,902	35,807
31 days to 90 days	35,920	50,521
91 days to 180 days	145	65
Total	92,967	86,393

Trade receivables that are past due are not considered impaired. These relate to a number of independent customers for whom there is no recent default.

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Overdue by: Within 30 days	145	65

The trade receivables are denominated in RMB. The Group does not hold any collateral over these balances.



Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015

14. DEPOSITS PAID, PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Advances to staff	3,203	1,626
Other deposits paid and prepayments	34,394	44,372
	37,597	45,998

15. TRADE AND BILLS PAYABLES

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Trade payables	5,528	6,178
Bills payables (Note)	24,008	10,000
	29,536	16,178

Note: The Group has pledged bank deposits of approximately RMB7,202,000 to secure bills payables as at 30 June 2015 (2014: RMB3,000,000).

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015



15. TRADE AND BILLS PAYABLES (CONTINUED)

The aging analysis of trade payables is as follows:

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Within 30 days	5,069	5,254
31 days to 90 days	321	337
91 days to 180 days	96	587
Over 180 days	42	—
Total	5,528	6,178

The average credit period on purchases of certain goods is generally within 15 days to 90 days.

The bills payables are matured within four months from the ended of the reporting period.

16. ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Deposits received	1,513	1,030
Other payables for property, plant and equipment	2,138	496
Accruals and other payables	7,377	6,630
	11,028	8,156



Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015

17. SHARE CAPITAL

(i) Ordinary shares

	Number of Shares	Nominal value of ordinary shares HK\$'000 (Unaudited)	Total RMB'000 (Unaudited)
Authorised:			
At 1 January and 30 June 2015 ordinary shares of HK\$0.1 each	40,000,000,000	4,000,000	3,240,009
Issued and fully paid:			
At 1 January and 30 June 2015 ordinary shares of HK\$0.1 each	800,000,000	80,000	65,178

(ii) Equity settled share-based transactions

On 31 March 2015, share options to subscribe for 80,000,000 shares were granted to employees of the company under the company's employee share option scheme and 79,840,000 shares were accepted by 80 employees at the consideration of HK\$1 for each employee (no share options were granted during the six months ended 30 June 2014).

Share options to subscribe for 18,440,000 shares will vest on 31 December 2015, share options to subscribe for 28,420,000 shares will vest on 31 December 2016 and share options to subscribe for 32,980,000 shares will vest on 31 December 2017. These share options then be exercisable until 30 March 2025. The exercise price is HK\$1.19. The closing price of the company's ordinary shares immediately before the date of the grant is HK\$1.16.

No options were exercised during the six months ended 30 June 2015 (2014: nil).

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015



18. BANK BORROWINGS

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Bank borrowings — secured	120,000	140,000

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Carrying amount repayable: On demand or within one year	120,000	140,000

Bank borrowings at:

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
— floating interest rate	120,000	140,000

The carrying amount of the Group's bank borrowings are all originally denominated in RMB, which is the functional currency of the Group.



Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015

18. BANK BORROWINGS (CONTINUED)

The contractual floating interest rates per annum in respect of bank borrowings were within the following ranges:

	2015 % (Unaudited)	2014 % (Audited)
Floating rate	6.60	6.60–7.80

The collaterals for the Group's bank borrowings are as follows:

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Property, plant and equipment	112,129	115,679
Prepaid lease payments	19,571	19,809
	131,700	135,488

As at 31 December 2014, the Group's bank borrowings of RMB20,000,000 was guaranteed by the Company's director, Mr. Cai Chenyang and released during the six months ended 30 June 2015.

19. CONVERTIBLE BONDS

On 18 June 2014, the Company and Vandi Investments Limited ("the Investor"), a limited liability company incorporated in the BVI indirectly and wholly-owned by CCB International (Holdings) Limited, entered into the subscription agreement in respect of the issue of the convertible bonds ("Convertible Bonds") in the principal amount of HK\$ 200,000,000 equivalent to approximately RMB146,860,000 due 2017 with an annual interest rate of 9.5% payable semi-annually and bear an administrative fee of 1.0% per annum payable semi-annually in arrears. The Convertible Bonds were issued on 26 June 2014. The net proceeds from the Convertible Bonds, after deducting expenses, are approximately HK\$198,834,000 equivalent to approximately RMB146,004,000. Such net proceeds are primarily used for business development of the Group as well as general working capital.

Upon full conversion of the Convertible Bonds at the initial conversion price of HK\$1.30 per share, a total of 153,846,153 conversion shares will be issued.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015



19. CONVERTIBLE BONDS (CONTINUED)

Save and except for the outstanding Convertible Bonds which shall have already been redeemed, repurchased and cancelled or converted, the Company will redeem all the outstanding convertible bonds held by the bondholder on the third anniversary of the issue date of such outstanding Convertible Bonds (the "Maturity Date"), at an amount equal to the aggregate of:

- (a) the aggregate principal amount of such outstanding Convertible Bonds held by such bondholder;
- (b) an amount which would give such bondholder an internal rate of return of 15% in respect of the aggregate principal amount of such outstanding convertible bonds calculated from the issue date of such outstanding bonds up to and including the Maturity Date; and
- (c) any accrued but unpaid interest and administrative fee on such outstanding Convertible Bonds.

The net proceeds received from the issue of the convertible bonds have been split between a liability component and an equity component in its initial recognition as follows:

- (a) liability component is initially measured at fair value amounted to approximately HK\$155,857,000 equivalent to approximately RMB114,459,000, and it is subsequently measured at amortised cost by applying an effective interest rate of 25.12% per annum; and
- (b) equity component, which is equal to the difference between the net proceeds received and the fair value of the liability component, amounted to approximately RMB32,212,000 which is presented in equity as Convertible Bonds equity reserve.



Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015

19. CONVERTIBLE BONDS (CONTINUED)

The movements of the liability component and equity component of the Convertible Bonds for the period are set out below:

	Liability component RMB'000	Equity component RMB'000	Total RMB'000
As at 1 January 2014	—	—	—
Convertible bonds issued on 26 June 2014	113,792	32,212	146,004
Imputed interest charged	15,926	—	15,926
Interest expense charged for the year	(7,766)	—	(7,766)
Administrative fee payable	(817)	—	(817)
Exchange alignment	8,815	—	8,815
As at 1 January 2015 (Audited)	129,950	32,212	162,162
Imputed interest charged	16,169	—	16,169
Interest expense charged for the period	(7,420)	—	(7,420)
Administrative fee payable	(781)	—	(781)
Exchange alignment	(1,029)	—	(1,029)
As at 30 June 2015 (Unaudited)	136,889	32,212	169,101

20. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT

Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instrument carried at cost or amortised cost is not materially different from their fair values as at 30 June 2014 except for the following financial instrument, for which their carrying amounts and fair value are disclosed below:

	As at 30 June 2015		As at 31 December 2014	
	Carrying amount RMB'000 (Unaudited)	Fair Value RMB'000 (Unaudited)	Carrying amount RMB'000 (Audited)	Fair value RMB'000 (Audited)
Convertible bonds	136,890	139,344	129,950	130,585

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015



21. SHARE OPTION SCHEME

On 31 March 2015, the Company granted to 82 grantees of share options entitling the holders thereof to subscribe for a total of 80,000,000 Shares, of which the share options to subscribe for an aggregate of 79,840,000 shares were accepted by 80 employees (including Mr. Cai Chenyang, Mr. Cai Haifang and Ms. Cai Shengyin). Among such share options, the share options to subscribe for 36,220,000 shares were conditionally granted to and accepted by Mr. Cai Chenyang, an executive director, the chief executive officer and a substantial shareholder of the Company; and the share options to subscribe for 2,310,000 Shares were conditionally granted to and accepted by Ms. Cai Shengyin, an executive director and the younger sister (therefore an associate) of Mr. Cai Chenyang.

Pursuant to the relevant terms of the share option scheme, the options are exercisable from the vesting dates of 31 December 2015, 31 December 2016 or 31 December 2017 (as the case may be) to 30 March 2025 and the validity period of the share options is ten years from 31 March 2015 (the date of the grant) to 30 March 2025. The exercise price of the share options is HK\$1.19 per share. After all of the above grants, a total of share options to subscribe for 79,840,000 shares were granted to the grantees.

(a) The terms, conditions and number of the grants are as follow:

Grantee	Exercisable period	Exercise price per shares (HK\$)	No. of shares	Lapsed during the period (‘000)	Exercised during the period (‘000)	Balance at 30 June 2015 (‘000)
			granted on 31 March 2015 (‘000)			
Executive Directors						
– Mr. Cai Chenyang	31 Dec 2015 to 30 Mar 2025	1.19	10,500	–	–	10,500
	31 Dec 2016 to 30 Mar 2025	1.19	12,480	–	–	12,480
	31 Dec 2017 to 30 Mar 2025	1.19	13,240	–	–	13,240
– Ms. Cai Shengyin	31 Dec 2015 to 30 Mar 2025	1.19	710	–	–	710
	31 Dec 2016 to 30 Mar 2025	1.19	800	–	–	800
	31 Dec 2017 to 30 Mar 2025	1.19	800	–	–	800
– Mr. Cai Haifang	31 Dec 2015 to 30 Mar 2025	1.19	610	–	–	610
	31 Dec 2016 to 30 Mar 2025	1.19	800	–	–	800
	31 Dec 2017 to 30 Mar 2025	1.19	800	–	–	800
Employees of the Group	31 Dec 2015 to 30 Mar 2025	1.19	6,660	(40)	–	6,620
	31 Dec 2016 to 30 Mar 2025	1.19	14,400	(60)	–	14,340
	31 Dec 2017 to 30 Mar 2025	1.19	18,200	(60)	–	18,140
			80,000	(160)	–	79,840



Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015

21. SHARE OPTION SCHEME (CONTINUED)

(b) Fair value of share options and assumptions

The estimate of the fair value of the share options granted is measured using binomial model. The significant assumptions and inputs used in computing the fair value are based on the management's best estimate. The significant inputs into the model were spot share price at grant date, exercise price, expected volatilities, dividend and exercise multiple for directors and selected employee.

The value of the share options calculated using the binomial model is subject to the fundamental limitations of the model and the uncertainties of those significant assumptions and inputs. Any change to those assumptions and inputs may result in changes in the fair value of the share options.

Assumptions and inputs adopted in the valuation are listed below:

	Start from 31/12/2015	Start from 31/12/2016	Start from 31/12/2017
Fair value at measurement date (HK\$'000) (Note (i))	11,058	17,312	20,750
Share price at grant date 31 March 2015 (HK\$)	2.32	2.32	2.32
Exercise price (HK\$)	1.19	1.19	1.19
Expected volatility (Note (ii))	53.16%	53.16%	53.16%
Dividend yield	0.00%	0.00%	0.00%
Risk-free interest rate (Note (iii))	1.48%	1.48%	1.48%
Exercise multiple — Directors (HK\$) (Note (iv))	2.75	2.75	2.75
Exercise multiple — Employee (HK\$) (Note (iv))	2.20	2.20	2.20
Fair value per option — Directors (HK\$)	0.6201	0.6318	0.6481
Fair value per option — Employee (HK\$)	0.5597	0.5845	0.6117

Notes:

- (i) Fair value of all the share options granted at 31 March 2015 were HK\$ 49,120,000 equivalent to approximately RMB38,697,000. After 2 staffs declined the share options to subscribe for a total of 160,000 shares, the adjusted fair value of all the share options granted and accepted was HK\$ 49,026,000 equivalent to approximately RMB38,622,000. The Company recognised approximately RMB6,289,000 as equity-settled share based payment expense in the profit and loss for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).
- (ii) Volatility represents annualized standard deviation of the weekly return of stock price of GCHE.rm, 600975.ch and 002505.ch.
- (iii) Risk free rate represents the yields to maturity of respective HKD Hong Kong Sovereign Curve.
- (iv) The exercise multiple defines the early exercise strategy by assuming that early exercise happens when the stock price is the certain multiple of the exercise price.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015



22. CAPITAL COMMITMENTS

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Capital expenditure contracted but not provided for in respect of acquisition of property, plant and equipment	28,766	31,082

23. OPERATING LEASE COMMITMENTS

The Group as lessee:

At the end of each reporting date, the Group had commitments for future minimum lease payments in respect of retail outlets and office premises under non-cancellable operating lease which fall due as follows:

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Within one year	674	1,164
In the second to fifth years, inclusive	—	97
After five years	41,476	41,476
	42,150	42,737

Operating lease payments represent rentals payable by the Group for certain of its office premises and retail outlets. Lease in respect of office premises are negotiated for a term of two years with fixed rentals. Lease in respect of direct sales outlets are negotiated for a term of one year with fixed rentals.



Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2015

24. EVENTS AFTER THE END OF THE REPORTING PERIOD

(a) Share capital structure of the Company

The Board proposed to subdivide each issued and unissued share of HK\$0.1 in the share capital of the Company into two (2) Subdivided Shares of HK\$0.05 each. For further details, please refer to the Company's circulars dated 29 May 2015. The share subdivision was approved by the shareholders of the Company on 29 June 2015.

The authorised share capital of the Company was HK\$4,000,000,000 divided into 40,000,000,000 shares of HK\$0.1 each, of which 800,000,000 have been issued and are fully paid. Upon the share subdivision becoming effective on 2 July 2015, the authorised share capital of the Company is HK\$4,000,000,000 divided into 80,000,000,000 subdivided shares of HK\$0.05 each, of which 1,600,000,000 subdivided shares are in issue and fully paid or credited as fully paid.

(b) Issue of unlisted warrants under specific mandate

The Company entered into the warrant subscription agreement dated 8 April 2015 (and as amended by a supplemental warrant subscription agreement dated 2 July 2015) with the warrant subscribers, in relation to the issue of an aggregate of 160,000,000 warrants to the warrant subscribers at the warrant issue price of HK\$0.05 per warrant. The warrants will entitle the 9 warrant subscribers (all of whom are members of the management of the Group) to subscribe for up to 160,000,000 shares of HK\$0.1 each (or 320,000,000 shares of HK\$0.05 each upon the subdivision becoming effective) at a subscription price of HK\$1.30 per share (or HK\$0.65 per warrant share upon the subdivision becoming effective and subject to adjustments according to the terms of the warrant instrument). The warrant subscription rights attaching to the warrants will be exercisable from the date of issuance until the close of business on the second anniversary of the issue of the warrants. For further details, please refer to the Company's announcements dated 8 April 2015 and 2 July 2015 and the Company's circular on 19 August 2015.

25. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial information were approved and authorised for issue by the Board of Directors of the Company on 28 August 2015.

Other Information



DISCLOSURE OF INTERESTS

Interests and Short Positions of the Directors and Chief Executive in Shares, Underlying Shares and Debentures of the Company and Associated Corporations

As at 30 June 2015, the interests and short positions of the directors and chief executive in shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) as recorded in the register of interest required to be kept under 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 Issuer as set out in Appendix 10 to the Listing Rules ("Model Code") were as follows:

Long position in the shares and underlying shares of the Company

Name	Nature of interest	Number of ordinary shares and underlying shares of the Company held	Approximate percentage of the issued share capital of the Company
Mr. Cai Chenyang (Note 1)	Interest of controlled corporation and beneficial owner	444,220,000	55.53%
Mr. Cai Haifang	Beneficial owner	2,210,000	0.28%
Ms. Cai Shengyin	Beneficial owner	2,310,000	0.29%

Note:

- (1) Among the 444,220,000 shares/underlying shares held, Mr. Cai Chenyang is deemed to be interested in 408,000,000 shares of the Company, which are held by Zhan Rui Investments Limited ("Zhan Rui"), a corporation controlled by Mr. Cai Chenyang, while he holds derivative interest in 36,222,000 underlying shares as beneficial owner.

Short position in the shares and underlying shares of the Company

Name	Nature of interest	Number of shares/ underlying shares of the Company held	Approximate percentage of the issued share capital of the Company
Mr. Cai Chenyang (Note 1)	Interest of controlled corporation	408,000,000	51%

Note:

- (1) Mr. Cai Chenyang, through Zhan Rui, a corporation controlled by him, is deemed to have a short position of 408,000,000 shares of the Company.

Save as disclosed above, as at 30 June 2015, none of the directors or chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be recorded in the register of interests required to be kept by the Company pursuant to Section 352 of the SFO or which would otherwise be notified to the Company and the Stock Exchange pursuant to the Model Code.



Other Information (Continued)

Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares of the Company

As at 30 June 2015, the interest or short position of the persons (other than the directors or chief executive of the Company) in shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Division 2 and 3 of Part XV of the SFO were as follows:

Long position in the shares and underlying shares of the Company

Name	Nature of interests	Number of ordinary shares/underlying shares of the Company held	Approximate percentage of the issued share capital of the Company
Zhan Rui (Note 1)	Beneficial owner	408,000,000	51%
Mr. Ng Leung Ho	Beneficial owner	46,120,000	5.77%
China Construction Bank Corporation (Note 2)	Interest of controlled corporation/ security interest in shares	561,846,153	70.23%
Central Huijin Investment Ltd. (Note 3)	Interest of controlled corporation/ security interest in shares	561,846,153	70.23%

Notes:

- (1) Mr. Cai Chenyang is deemed to be interested in 408,000,000 shares of the Company, which are held by Zhan Rui, a corporation controlled by Mr. Cai Chenyang.
- (2) Such long position includes (a) security interests in 408,000,000 shares of the Company and (b) derivative interests in 153,846,153 underlying shares of the Company held by Vandi Investments Limited, a corporation 100% indirectly controlled by China Construction Bank Corporation.
- (3) Such long position includes (a) security interests in 408,000,000 shares of the Company and (b) derivative interests in 153,846,153 underlying shares of the Company held by Vandi Investments Limited, a corporation 100% indirectly controlled by China Construction Bank Corporation, of which Central Huijin Investment Ltd. has 57.26% control.

Other Information (Continued)



Short position in the shares and underlying shares of the Company

Name	Nature of interests	Number of ordinary shares/underlying shares of the Company held	Approximate percentage of the issued share capital of the Company
Zhan Rui (Note 1)	Beneficial owner	408,000,000	51%

Note:

- (1) Mr. Cai Chenyang, through Zhan Rui, a corporation controlled by him, is deemed to have a short position of 408,000,000 shares of the Company.

Save as disclosed above, as at 30 June 2015, no person (other than the directors or chief executive of the Company) had any interests or short positions in the shares and underlying shares of the Company which would be required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Review Period.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions of the Corporate Governance Code (the "Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Save as disclosed below, none of the directors of the Company is aware of any information which would reasonably indicate that the Company has not, during the six months ended 30 June 2015, complied with all applicable code provisions of the Code.

Code A.2.1 of the Code stipulates that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. Mr. Cai Chenyang is the chairman and the chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals who meet regularly to discuss issues affecting the operation of the Company. The Board believes that this structure, in the period of rapid business development of the Company, is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Cai Chenyang and believes that having Mr. Cai Chenyang performing the roles of chairman and chief executive director is beneficial to the business prospect of the Group.



Other Information (Continued)

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the code provisions of the Model Code as its code of conduct regarding directors' securities transactions. Having made specific enquiry with all the directors of the Company, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions for the six months ended 30 June 2015.

AUDIT COMMITTEE

The audit committee of the Board (the "Audit Committee") comprises three independent non-executive directors, namely Mr. Wu Shiming, Mr. Cai Zirong and Mr. Wang Aiguo. The Audit Committee is chaired by Mr. Wu Shiming.

The Audit Committee had reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2015, including the accounting principles adopted by the Group, and took the view that the Company was in full compliance with all applicable accounting standards and regulations and adequate disclosures had been made.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") which had become effective upon the commencement of dealings of the shares of the Company (the "Shares") on the Stock Exchange on 13 July 2012. As at 1 January 2015, the Company had not granted any option under the Share Option Scheme. On 31 March 2015, the Company granted shares option to subscribe for 80,000,000 Shares under the Share Option Scheme of which options to subscribe for 79,840,000 Shares were accepted by the grantees. The exercise price of those share options is HK\$1.19 per Share. The closing price of the Share immediately before the date of grant is HK\$1.16.

The terms, conditions and number of the grant are as follow:

Grantee	Exercisable period	Exercisable price per share (HK\$)	No. of shares which may be issued upon exercise of the relevant option granted on 31 March 2015 (('000))	Lapsed during the period (('000))	Exercises during the period (('000))	Cancelled during the period (('000))	Balance at 30 June 2015 (('000))
Executive Directors							
— Mr. Cai Chenyang	31 Dec 2015 to 30 Mar 2025	1.19	10,500	—	—	—	10,500
	31 Dec 2016 to 30 Mar 2025	1.19	12,480	—	—	—	12,480
	31 Dec 2017 to 30 Mar 2025	1.19	13,240	—	—	—	13,240
— Ms. Cai Shengyin	31 Dec 2015 to 30 Mar 2025	1.19	710	—	—	—	710
	31 Dec 2016 to 30 Mar 2025	1.19	800	—	—	—	800
	31 Dec 2017 to 30 Mar 2025	1.19	800	—	—	—	800
— Mr. Cai Haifang	31 Dec 2015 to 30 Mar 2025	1.19	610	—	—	—	610
	31 Dec 2016 to 30 Mar 2025	1.19	800	—	—	—	800
	31 Dec 2017 to 30 Mar 2025	1.19	800	—	—	—	800
Employees of the Group	31 Dec 2015 to 30 Mar 2025	1.19	6,660	(40)	—	—	6,620
	31 Dec 2016 to 30 Mar 2025	1.19	14,400	(60)	—	—	14,340
	31 Dec 2017 to 30 Mar 2025	1.19	18,200	(60)	—	—	18,140
			80,000	(160)	—	—	79,840

Other Information (Continued)



Set out below is a summary of the Share Option Scheme:

Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to recognise and motivate the contribution of employees (which include full time and part time employee, executive and non-executive director and proposed executive and non-executive director) of the Group and other person(s) who may make a contribution to the Group and to provide incentives and help the Company retain its existing employees and recruit additional employees and to provide them with a direct economic interest in attaining the long term business objectives of the Company.

Participants of the Share Option Scheme

The participants of the Share Option Scheme (the "Participant") to whom options may be granted by the Board shall include any full time or part time employee (including any executive and non-executive director and proposed executive and non-executive director), advisor, consultant, agent, contractor, client and supplier who in the sole discretion of the Board has contributed or is expected to contribute to the Group.

Total number of Shares available for issue under the Share Option Scheme

The total number of Shares which may be issued upon exercise of all options which may be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the total number of Shares in issue as at the date of annual general meeting held on 29 June 2015, at which the scheme mandate limit has been refreshed and renewed by an ordinary resolution passed by the Shareholders, i.e. 80,000,000 Shares. In addition, the maximum number of Shares which may be issued upon exercise of all outstanding options granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of Shares in issue from time to time.

Maximum entitlement of each Participant

The maximum number of Shares issued and to be issued upon exercise of the options granted and to be granted (including both exercised, cancelled and outstanding options) in any twelve-month period up to and including the date of grant to each Participant under the Share Option Scheme shall not exceed 1% of the Shares for the time being in issue. Any further grant of options in excess of this limit is subject to shareholders' approval in a general meeting with the grantee and his associates abstaining from voting. Options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors of the Company. In addition, any options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

Period within which the securities must be taken up under an option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not be more than 10 years from the date on which an option is granted to any Participant and the Board may provide restrictions on the exercise of an option during the period an option may be exercised.



Other Information (Continued)

Payment on acceptance of option offer

An offer for grant of options must be accepted within 20 business days from the offer date. The amount payable by each grantee of options to the Company on acceptance of the offer for the grant of options is HK\$1.00.

Basis of determining the subscription price

The subscription price for the share under the Share Option Scheme will be a price determined by the Board at its absolute discretion at the time of the grant of the relevant option and notified to each grantee but in any case will not be less than the highest of: (i) the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant; (ii) the average closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange for the five trading days immediately preceding the date of the grant; or (iii) the nominal value of a share.

CHINA PUTIAN FOOD HOLDING LIMITED



普甜
PUTIAN

CHINA PUTIAN FOOD HOLDING LIMITED
中國普甜食品控股有限公司

Room 3312, 33/F., West Tower, Shun Tak Centre,
168-200 Connaught Road Central, Hong Kong.
香港干諾道中168至200號信德中心西座33樓3312室

Tel 電話：(852) 3582-4666

Fax 傳真：(852) 3582-4567

中國普甜食品控股有限公司