

INTERIM
REPORT
2015



HUISHENG INTERNATIONAL HOLDINGS LIMITED

惠生國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1340



The board (the “**Board**”) of directors (the “**Directors**”) of Huisheng International Holdings 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. These condensed consolidated interim financial statements have not been audited but have been reviewed by the Audit Committee.

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	640,846	516,252
Cost of sales		(570,165)	(443,450)
Gross profit		70,681	72,802
Other income	4	3,040	2,009
Gain/(losses) arising from changes in fair value less costs to sell of biological assets	10	4,745	(1,612)
Selling and distribution expenses		(9,755)	(6,982)
Administrative expenses		(12,870)	(21,524)
Finance costs		(4,720)	(4,562)
Profit before taxation		51,121	40,131
Taxation	5	–	–
Profit for the period	6	51,121	40,131
Other comprehensive income for the period:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		859	1,080
Other comprehensive income for the period, net of income tax		859	1,080
Total comprehensive income for the period		51,980	41,211

		Six months ended 30 June	
		2015	2014
		RMB'000	RMB'000
	Note	(Unaudited)	(Unaudited)
Profit/(losses) for the period attributable to:			
Owners of the Company		51,256	40,058
Non-controlling interests		(135)	73
		51,121	40,131
Total comprehensive income/(losses) for the period attributable to:			
Owners of the Company		52,115	41,138
Non-controlling interests		(135)	73
		51,980	41,211
Earnings per share attributable to owners of the Company			
Basic and diluted (RMB cents per share)	7	12.3	13.4

The accompanying notes form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

		As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
	Notes		
Assets			
Non-current assets			
Property, plant and equipment	9	502,031	377,630
Prepaid lease payments		34,613	34,419
Biological assets	10	22,231	21,424
Deposits and prepayments for property, plant and equipment	12	29,101	5,350
Available-for-sale investment		1,500	1,500
		589,476	440,323
Current assets			
Biological assets	10	21,019	14,762
Inventories		17,665	13,214
Prepaid lease payments		808	773
Trade receivables	11	151,889	134,490
Prepayments, deposits and other receivables	12	1,011	795
Bank balances and cash		330,057	366,894
		522,449	530,928
Current liabilities			
Trade payables	13	121,776	117,324
Accruals and other payables	14	22,873	24,684
Amount due to a shareholder	15	1,889	1,894
Bank borrowings — due within one year	16	57,000	43,000
Deferred revenue		51	55
		203,589	186,957

		As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Net current assets		318,860	343,971
Total assets less current liabilities		908,336	784,294
Non-current liabilities			
Loan from government		461	440
Notes payable	17	58,747	57,695
Deferred revenue		403	433
		59,611	58,568
Net assets		848,725	725,726
Equity			
Share capital	18	3,801	3,168
Reserves		840,182	717,681
Equity attributable to owners of the Company		843,983	720,849
Non-controlling interests		4,742	4,877
Total equity		848,725	725,726

The accompanying notes form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Equity attributable to owners of the Company							Non-controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Statutory surplus reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Equity attributable to owners of the Company RMB'000		
As at 1 January 2014 (audited)	-	33,624	1,978	15,150	17,091	393,419	461,262	4,376	465,638
Profit for the period	-	-	-	-	-	40,058	40,058	73	40,131
Other comprehensive income for the period	-	-	1,080	-	-	-	1,080	-	1,080
Total comprehensive income for the period	-	-	1,080	-	-	40,058	41,138	73	41,211
Issue of shares under global offering	789	161,095	-	-	-	-	161,884	-	161,884
Issue of shares under capitalisation issue	2,359	(2,359)	-	-	-	-	-	-	-
Issue of shares under over-allotment option	20	4,948	-	-	-	-	4,968	-	4,968
Shares issue expenses	-	(10,542)	-	-	-	-	(10,542)	-	(10,542)
As at 30 June 2014 (unaudited)	3,168	186,766	3,058	15,150	17,091	433,477	658,710	4,449	663,159
As at 1 January 2015 (audited)	3,168	186,766	1,643	26,888	17,091	485,293	720,849	4,877	725,726
Profit for the period	-	-	-	-	-	51,256	51,256	(135)	51,121
Other comprehensive income for the period	-	-	859	-	-	-	859	-	859
Total comprehensive income for the period	-	-	859	-	-	51,256	52,115	(135)	51,980
Issue of shares under placing and subscription	633	78,396	-	-	-	-	79,029	-	79,029
Share issue expenses	-	(2,279)	-	-	-	-	(2,279)	-	(2,279)
Dividends (note 8)	-	-	-	-	-	(5,731)	(5,731)	-	(5,731)
As at 30 June 2015 (unaudited)	3,801	262,883	2,502	26,888	17,091	530,818	843,983	4,742	848,725

The accompanying notes form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	53,401	37,618
Investing activities		
Increase in pledged bank deposits	–	(20,000)
Purchase of property, plant and equipment	(28,608)	–
Addition of non-current biological assets	(10,525)	(8,202)
Deposits and prepayments for property, plant and equipment	(132,685)	(91,358)
Other cash flows arising from investing activities	(116)	642
Net cash used in investing activities	(171,934)	(118,918)
Financing activities		
Interest paid	(3,654)	(8,102)
Dividends paid	(5,731)	–
Proceeds from borrowings	33,000	29,400
Repayments of borrowings	(19,000)	(5,000)
Repayments for shareholders	(38)	–
Shares issue expenses	(2,279)	(10,308)
Proceeds from issue of ordinary shares	79,029	166,852
Net cash generated from financing activities	81,327	172,842
Net (decrease)/increase in cash and cash equivalents	(37,206)	91,542
Cash and cash equivalents at the beginning of the period	366,894	280,838
Effect of foreign exchange rate changes, net	369	850
Cash and cash equivalents at the end of the period	330,057	373,230

The accompanying notes form an integral part of these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. BASIS OF PREPARATION

The Group's condensed consolidated interim financial statements for the six months ended 30 June 2015 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 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 "Listing Rules"). They have been prepared under the historical cost convention, except for biological assets and certain financial instruments which are carried at fair value. The condensed consolidated interim financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated. The condensed consolidated interim financial statements are unaudited but have been reviewed by the Audit Committee.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for biological assets and certain financial instruments which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The accounting policies used in preparing the condensed consolidated interim financial statements for the six months ended 30 June 2015 are consistent with those used in the annual financial statements for the year ended 31 December 2014 except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("**new and revised HKFRSs**") which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("**HKFRSs**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations as disclosed below.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the current interim period, the Group has applied, for the first time, the following new or revised standards and interpretations issued by the HKICPA:

Amendments to HKFRS	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRS	Annual Improvements to HKFRSs 2011-2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans – Employee Contributions

The application of the above new interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated interim financial statements and/or disclosures set out in these condensed consolidated interim financial statements.

The Group has not early adopted the new and revised HKASs, HKFRSs and amendments that have been issued but are not yet effective.

HKFRS 9	Financial Instruments ¹
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ³
Amendments to HKAS 1	Disclosure Initiative ⁴
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortization ⁴
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ⁴
Amendments to HKAS 27	Equity Method in Separate Financial Statements ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ⁴
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ⁴

¹ Effective for annual periods beginning on or after 1 January 2018.

² Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

³ Effective for annual periods beginning on or after 1 January 2017.

⁴ Effective for annual periods beginning on or after 1 January 2016.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The directors of the Company anticipate that the application of those new and revised standards, and amendments issued but not yet effective will have no material impact on the results and financial position of the Group.

3. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers (“CODMs”), being the executive directors of the Company, in order to allocate resources to segments and to assess their performance. The operations of the Group constitute one reportable segment, i.e. slaughtering and trading of pork products. This is also the basis upon which the Group is arranged and organised.

The information reported to the CODMs for the purpose of resource allocation and assessment of performance, is with reference to profit before taxation and assets which do not contain the gain/(losses) arising from changes in fair value less costs to sell of biological assets. In the reports to the CODMs, the biological assets are stated at cost but the biological assets are stated at their fair value less costs to sell under the condensed consolidated interim financial statements. The differences between the profit before taxation and assets reported to the CODMs and those in the condensed consolidated interim financial statements are as follows:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Segment profit before taxation reported to the CODMs	46,376	41,743
Add:		
Gain/(losses) arising from changes in fair value less costs to sell of biological assets <i>(note)</i>	4,745	(1,612)
Profit before taxation reported in the condensed consolidated interim financial statements	51,121	40,131

3. SEGMENT INFORMATION (Continued)

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Segment assets reported to the CODMs	843,980	728,087
Add:		
Gain/(losses) arising from changes in fair value less costs to sell of biological assets (note)	4,745	(2,361)
Net assets reported in the condensed consolidated interim financial statements	848,725	725,726

Note: The amounts represent fair value changes in live hogs at the end of the reporting period.

Segment revenue reported represents revenue generated from external customers. There were no intersegment sales in the reporting period.

Geographical information

The Group's revenue from external customers by geographical locations in the People's Republic of China (the "PRC") during the reporting period is as follows:

	Six months ended 30 June 2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Hunan Province	526,874	447,260
Guangdong Province	52,050	43,631
Beijing City	3,103	12,791
Others	58,819	12,570
	640,846	516,252

3. SEGMENT INFORMATION *(Continued)* Geographical information *(Continued)*

The Group's non-current assets are principally attributable to a single geographical region, which is the PRC and accordingly, no further geographical segment information is presented.

As the Group's segment liabilities are not regularly provided to CODMs for review, the measurement of total liabilities for the respective segment is not presented.

The Group's geographical concentration risk is mainly in Hunan Province, which accounted for 82% of the total revenue during the six months ended 30 June 2015 (six months ended 30 June 2014: 87%).

Information about major customers

No individual customers contributed over 10% of the total revenue of the Group during the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

4. REVENUE AND OTHER INCOME

An analysis of the Group's revenue for the reporting period is as follows:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Sale of pork products	635,127	513,478
Others <i>(note)</i>	5,719	2,774
	640,846	516,252

Note: Others include sales of processed pork products and porkers and provision of slaughtering services.

4. REVENUE AND OTHER INCOME (Continued)

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income		
Interest income on:		
Bank deposits	603	582
Amortisation of deferred revenue	27	44
Total interest income	630	626
Government grants (note)	2,361	940
Gain from selling of non-current biological assets, net	–	60
Sundry income	49	383
	3,040	2,009

Note: Government grants mainly represent incentive subsidies in relation to processing of ill hogs and subsidies on interest expenses of collective notes. There are no conditions or limitations attached to these subsidies by the respective government authorities of the PRC.

5. TAXATION

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Income tax expense	–	–

Hong Kong

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2014: 16.5%) of the estimated assessable profits for the six months ended 30 June 2015.

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

5. TAXATION (Continued)

PRC

The PRC Enterprise Income Tax (the “**PRC EIT**”) is calculated at the applicable tax rates in accordance with the relevant laws and regulations in the PRC.

Under the PRC Enterprise Income Tax Law (the “**EIT Law**”) and Implementation Regulations of the EIT Law, the tax rate of a PRC subsidiary is 25% from 1 January 2008 onwards.

Meat processing of primary produce is on the list of The Range of Processing of Primary Agricultural Produces to Be Given Preferential Enterprise Income Tax Treatment (Trial Implementation) (2008 version) (享受企業所得稅優惠政策的農產品初加工範圍(試行)(2008年版)) promulgated by the Ministry of Finance (財政部) and the State Administration of Taxation (國家稅務總局) on 20 November 2008. Hunan Huisheng Meat Products Company Limited (湖南惠生肉業有限公司) (“**Hunan Huisheng**”) meets the required standard for preferential PRC EIT treatment.

According to the prevailing tax rules and regulations, Hunan Huisheng, which operated in the business of primary processing of agriculture products, was exempted from the PRC EIT during the period under review.

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

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit before taxation	51,121	40,131
Tax at the applicable income tax rate	12,559	11,030
Tax exemption for subsidiary operating in the PRC	(13,066)	(13,073)
Tax effect of expenses not deductible for tax purpose (note)	140	1,650
Tax effect of tax loss not recognised	367	393
Income tax expense	–	–

Note: The non-deductible expenses mainly consist of entertainment expenses which are not deductible for tax purpose under the relevant tax jurisdiction. According to the prevailing tax rules and regulations, the Group is operating in agricultural business, which is exempted from the PRC EIT, and no deferred taxation impact was considered for the reporting period.

6. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Directors' emoluments	545	284
Other staff costs:		
Salaries and other benefits	10,568	9,616
Retirement schemes contributions	2,301	2,026
Total staff costs	13,414	11,926
Depreciation of property, plant and equipment	13,141	1,253
Amortisation of prepaid lease payments	367	367

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share for the six months ended 30 June 2014 is based on the profit attributable to the owners of the Company of approximately RMB40,058,000 and the weighted average of 299,179,000 ordinary shares in issue during the period.

The calculation of basic earnings per share for the six months ended 30 June 2015 is based on the profit attributable to the owners of the Company of approximately RMB51,256,000 and the weighted average of 417,070,000 ordinary shares in issue during the period.

Diluted earnings per share were the same as the basic earnings per share as there were no potential dilutive ordinary shares in existence during the periods under review.

8. DIVIDENDS

During the six months ended 30 June 2015, the Board declared and paid HK\$0.015 per share or approximately HK\$7,237,000 in aggregate as final dividend for the year ended 31 December 2014 (31 December 2013: Nil).

No interim dividend has been paid or declared by the Company for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred costs for buildings, plant and machinery, motor vehicles, furniture, fixtures and equipment and construction in progress of approximately RMB27,727,000, RMB151,000, Nil, RMB730,000 and RMB108,934,000 respectively.

10. BIOLOGICAL ASSETS

Movements of the biological assets are summarised as follows:

	Breeder hogs RMB'000	Porkers RMB'000	Total RMB'000
As at 1 January 2014 (audited)	8,257	9,786	18,043
Increase due to purchases	5,933	1,975	7,908
Increase due to raising (feeding cost and others)	10,216	45,304	55,520
Transfer	1,051	(1,051)	–
Decrease due to retirement and deaths	(843)	(752)	(1,595)
Decrease due to sales	(8,013)	(33,316)	(41,329)
Gain/(losses) arising from changes in fair value less costs to sell	4,823	(7,184)	(2,361)
As at 31 December 2014 and 1 January 2015 (audited)	21,424	14,762	36,186
Increase due to purchases	–	6,598	6,598
Increase due to raising (feeding cost and others)	9,971	29,524	39,495
Transfer	554	(554)	–
Decrease due to retirement and deaths	(1,775)	(602)	(2,377)
Decrease due to sales	(9,826)	(31,571)	(41,397)
Gain arising from changes in fair value less costs to sell	1,883	2,862	4,745
As at 30 June 2015 (unaudited)	22,231	21,019	43,250

10. BIOLOGICAL ASSETS (Continued)

Analysed for reporting purposes as:

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Non-current assets – breeder hogs	22,231	21,424
Current assets – porkers	21,019	14,762
At the end of the period/year	43,250	36,186

The Group's biological assets as at 31 December 2014 and 30 June 2015 have been arrived at on the basis of a valuation carried out by an independent qualified professional valuer. Given the nature of the biological assets where market determined prices are available, the fair value less costs to sell have been determined by the market approach based on the market determined prices as at 31 December 2014 and 30 June 2015 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 RMB4,745,000 (losses recognised for the six months ended 30 June 2014: RMB1,612,000) has been recognised directly in profit or loss for the six months ended 30 June 2015.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of biological assets:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

10. BIOLOGICAL ASSETS (Continued)
Fair value hierarchy (Continued)
As at 30 June 2015

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Breeder hogs	–	22,231	–	22,231
Porkers	–	21,019	–	21,019
Total biological assets	–	43,250	–	43,250

As at 31 December 2014

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Breeder hogs	–	21,424	–	21,424
Porkers	–	14,762	–	14,762
Total biological assets	–	36,186	–	36,186

During the six months ended 30 June 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (31 December 2014: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value less costs to sell of the breeder hogs and porkers are determined with reference to the market-determined prices of items with similar age, weight and breeds.

11. TRADE RECEIVABLES

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Trade receivables	151,889	134,490

11. TRADE RECEIVABLES (Continued)

Trade receivables

The fair values of trade receivables approximate their carrying amount.

The credit period on sale of pork products is within 80 days. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Within 30 days	138,623	127,398
31 days to 60 days	12,607	6,424
61 days to 80 days	–	317
Over 81 days	659	351
	151,889	134,490

The Group's policy for impairment loss on trade receivables is based on an evaluation of collectability and aged analysis of the receivables which requires the use of judgment and estimates. Provisions would apply to the receivables when there are events or changes in circumstances indicate that the balances may not be collectible. The management closely reviews the trade receivables balances and any overdue balances on an ongoing basis and assessments are made by the Group's management on the collectability of overdue balances.

Trade receivables that are past due are not considered impaired. These related to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Over 81 days	659	351

The Group does not hold any collateral over these balances.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Deposits and prepayments for property, plant and equipment (<i>note (i)</i>)	29,101	5,350
Other prepayments, deposits and other receivables (<i>note (ii)</i>)	1,011	795
	30,112	6,145

Analysed for reporting purposes as:

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Non-current assets	29,101	5,350
Current assets (<i>note (ii)</i>)	1,011	795
	30,112	6,145

Notes:

- (i) The deposits and prepayments for property, plant and equipment as at 31 December 2014 and 30 June 2015 were mainly for the purchase of equipment of production facilities in the Group's slaughter house and breeding farms.
- (ii) As at 30 June 2015, there were amounts due from shareholders of approximately RMB383,000 (31 December 2014: RMB316,000) included in prepayments, deposits and other receivables of the Group.

13. TRADE PAYABLES

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Trade payables	121,776	117,324

The Group was offered credit period on purchase of goods of within 60 days. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Within 30 days	121,738	103,461
31 to 60 days	38	13,863
	121,776	117,324

14. ACCRUALS AND OTHER PAYABLES

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Other payables for property, plant and equipment	241	1,302
Accruals and other payables	22,632	23,382
	22,873	24,684

15. AMOUNT DUE TO A SHAREHOLDER

The amount due to a shareholder was unsecured, interest-free and repayable on demand.

16. BANK BORROWINGS

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Secured bank borrowings	57,000	43,000

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
On demand or within one year and shown under current liabilities	57,000	43,000

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

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

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Fixed rate borrowings	7.38% – 9.00%	7.38% – 8.96%

17. NOTES PAYABLE

On 28 January 2013, Hunan Huisheng, as one of the issuers, issued collective notes to independent third parties. The principal amount of the collective notes is RMB260 million in aggregate in the denomination of RMB100 each, of which RMB60 million was issued by Hunan Huisheng.

The collective notes carry interest at 5.9% per annum and are to be redeemed on the third anniversary from the date of issue. The principal amount of the collective notes of RMB260 million in aggregate is guaranteed by China Bond Insurance Co., Ltd.* (中債信用增進投資股份有限公司). Hunan Huisheng is not contingently liable for the liabilities of other joint issuers.

For details of the collective notes, please refer to the paragraph headed "Notes payable" in the section headed "Financial information" in the prospectus dated 17 February 2014 (the "**Prospectus**").

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
At the beginning of the period/year	57,695	55,764
Issue of notes payable	–	–
Transaction cost directly attributable to the issue of notes payable	–	–
Net proceeds received from issue of notes payable	57,695	55,764
Interest charged at effective interest rate of 10.6% per annum	2,807	5,471
Interest payable	(1,755)	(3,540)
At the end of the period/year	58,747	57,695

* For identification purpose only

18. SHARE CAPITAL

For the purpose of the presentation of the condensed consolidated statement of financial position, the balance of the capital as at 1 January 2014, 31 December 2014 and 30 June 2015 represented the issued and fully paid share capital of the Company.

Details of movements of share capital of the Company are as follows:

	Number of shares	Amount	
		HK\$'000	RMB'000
Authorised:			
Balance as at 1 January 2014, ordinary shares of HK\$0.01 each	38,000,000	380	312
Increase of ordinary shares (note (i))	1,462,000,000	14,620	11,498
Balance as at 31 December 2014, 1 January 2015 and 30 June 2015	1,500,000,000	15,000	11,810
Issued and fully paid:			
Balance as at 1 January 2014	10,419	–	–
Issue of shares under capitalisation issue (note (ii))	299,989,581	3,000	2,359
Issue of shares under the global offering (note (ii))	100,000,000	1,000	789
Issue of shares under the over-allotment option (note (iii))	2,484,000	25	20
Balance as at 31 December 2014 and 1 January 2015	402,484,000	4,025	3,168
Issue of shares under placing and subscription (note (iv))	80,000,000	800	633
Balance as at 30 June 2015	482,484,000	4,825	3,801

18. SHARE CAPITAL (Continued)

Notes:

- (i) Pursuant to a resolution in writing passed by all shareholders on 11 February 2014, the authorised share capital of the Company increased from HK\$380,000 to HK\$15,000,000 by the creation of an additional 1,462,000,000 shares, such new shares to rank pari passu with the then existing shares in all respects.
- (ii) As detailed in the Prospectus, immediately following the global offering becoming unconditional and the issue of the offer shares, the authorised share capital of the Company was HK\$15,000,000 divided into 1,500,000,000 shares and the issued share capital of the Company increased to HK\$4,000,000 divided into 400,000,000 shares, all of which are fully paid up or credited as fully paid.
- (iii) The Company granted an over-allotment option to the underwriters of the international offering (as defined in the Prospectus), pursuant to which the Company may be required to allot and issue up to an aggregate of 18,000,000 additional shares at HK\$2.05 per share, being the final offer price under the global offering, to cover over-allocations in the international offering. The over-allotment option was partially exercised on 21 March 2014 and an aggregate of 2,484,000 shares were issued accordingly. The net proceeds of approximately HK\$4.9 million were received by the Company. Please refer to the announcement of the Company dated 24 March 2014 for further details.
- (iv) On 26 May 2015 and 29 May 2015, the Company, by way of a top-up placing, placed a total of 80,000,000 placing shares at the placing price of HK\$1.25 per share to at least six independent placees selected and/or procured by or on behalf of the placing agent (the "Placees"). The Placees and their respective ultimate beneficial owners are independent of and not connected with the Company and its connected persons (including Huimin Holdings Limited). None of the Placees and their ultimate beneficial owners has become a substantial shareholder (as defined under the Listing Rules) of the Company upon taking up the placing shares. The net proceeds of approximately HK\$97,000,000 were received by the Company. Please refer to the announcement of the Company dated 29 May 2015 for further details.

19. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated interim financial statements, the Group also had the following related party transactions for the six months ended 30 June 2015 and 2014.

Compensation of key management personnel

The directors of the Company are identified as key management members of the Group and their compensation during the six months ended 30 June 2015 and 2014 is set out in note 6.

20. OPERATING LEASE ARRANGEMENTS

The Group as lessee:

At the end of each reporting date, the Group had commitments for future minimum lease payments in respect of farms and office premises under non-cancellable operating leases from selected farmers at an agreed price based on the area of the farm.

	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
Within one year	232	85
In the second to fifth years, inclusive	331	95
After the fifth year	429	549
	992	729

Leases are generally negotiated for a term from one to thirty years. Rentals are fixed at the date of signing lease agreement.

21. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 29 July 2015, Taoyuan County Huisheng Meat Products Company Limited* (桃源縣惠生肉業有限公司) (“**Taoyuan Huisheng**”), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Deng Jie Wen* (鄧杰文) (an independent third party to the Group) to acquire all assets and the land use rights (which will expire in March 2035) of Hong Feng breeding farm located in Fengshu Xiang, Taoyuan County, Hunan Province for RMB90 million. The said acquisition was completed in July 2015.

Save as disclosed above, there was no significant event which took place subsequent to the end of the reporting period.

22. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements were approved and authorised for issue by the Board on 13 August 2015.

* For identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is one of the largest pork suppliers in Changde, Hunan Province, the PRC, and is principally engaged in the production and sale of pork products, and its operations mainly involve hog slaughtering as well as hog breeding and hog farming. The Group's pork product line ranges from fresh, chilled and frozen pork, side products as well as processed pork products including cured pork and sausages.

One of the Group's long term development strategies is to increase the supply of self-breed hogs and reduce the reliance on hogs procured from third parties in order to improve the overall quality of the pork products and also secure additional profits from the breeding business. The breeding farm acquired by the Group in the fourth quarter of 2014 has already commenced operations. The first batch of breeder hogs have already delivered piglets, and they are expected to be sold in the market in the near future. Furthermore, in June 2015 the Group also acquired a breeding farm in Bianshanpu with a site area of approximately 39mu (equivalent to approximately 26,000 square metres) for RMB19.5 million, as well as a breeding farm in Tian He with a site area of approximately 107mu (equivalent to approximately 71,333.69 square metres) for RMB54 million. It is expected that the Tian He breeding farm can breed about 3,000 sows and bring about 60,000 hogs each year when in full operation, while the Bianshanpu breeding farm can provide additional fattening capacity.

In May 2015, the Company entered into a placing and subscription agreement for placing 80,000,000 ordinary shares of the Company to not less than six independent investors (the "**Top-up Placing**"). The Top-up Placing was completed in May 2015 and has raised net proceeds of approximately HK\$97 million. This share placement not only broadened the Company's shareholder base and strengthened its capital base, the proceeds will also help the Group to implement its development strategy.

FINANCIAL REVIEW

For the six months ended 30 June 2015, the Group recorded revenue of approximately RMB640.8 million, which represented an increase of approximately 24.1% from approximately RMB516.3 million for the same period in 2014. Such increment was mainly due to the growth in sales volume of major pork products, which increased by approximately 15.3% compared with the same period of last year due to the enhanced slaughtering capacity and technology.

The average gross profit margin during the current period was approximately 11.0% compared to approximately 14.1% during the first half of 2014. Although the average selling price of major pork products increased mildly during the first six months of 2015, the average cost of hogs rose at a slightly faster pace and the result was a decrease in the average gross profit margin. The average gross profit margin is expected to improve after the full operations of those new and existing self-breeding farms, which will reduce the proportion of hogs acquired from third parties.

In view of the recovering market price of hogs during the period under review, the Group recognised gain from changes in fair value less cost to sell of biological assets by approximately RMB4.7 million, while a loss of approximately RMB1.6 million was recorded in the same period of last year.

During the six months ended 30 June 2015, the Group's selling and distribution expenses were approximately RMB9.8 million compared to approximately RMB7.0 million for the same period in 2014. The increment was mainly due to an increase in sales volume and the commitment by the Group to explore new markets. The Group's selling and distribution expenses as a percentage of revenue remained relatively stable at approximately 1.5% and 1.4% for the six months ended 30 June 2015 and 2014 respectively.

The Group's administrative expenses decreased from approximately RMB21.5 million for the six months ended 30 June 2014 to approximately RMB12.9 million for the six months ended 30 June 2015. The difference was primarily due to the one-off listing expenses of approximately RMB7.8 million recognised during the six months ended 30 June 2014.

The Group's finance costs remained relatively stable at approximately RMB4.7 million and RMB4.6 million for the six months ended 30 June 2015 and 2014 respectively.

During the period under review, the profit attributable to owners of the Company was approximately RMB51.3 million, representing an increase of approximately 27.9% from approximately RMB40.1 million for the same period in 2014. The increment was mainly attributable to the growth in sales volume and the changes in the fair value of the hogs as discussed above.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING AND TREASURY POLICY

As at 30 June 2015, the Group had bank balances and cash of approximately RMB330.1 million (31 December 2014: RMB366.9 million). The Group also had net current assets of approximately RMB318.9 million as at 30 June 2015, while it was approximately RMB344.0 million as at 31 December 2014. Such decrease was mainly due to the decrease in bank balances and cash by approximately RMB36.8 million which was mainly used for acquisition of fixed assets. The total non-current assets of the Group increased by approximately RMB149.2 million from approximately RMB440.3 million as at 31 December 2014 to approximately RMB589.5 million as at 30 June 2015, which was mainly due to the increase of property, plant and equipment mostly related to the new breeding farms acquired during the period under review.

As at 30 June 2015, the Group had several outstanding bank loans with an aggregate amount of approximately RMB57.0 million with fixed interest rates ranging from 7.38% to 9.00% per annum. In January 2013, the Group issued collective notes to institutional investors of the Inter-bank Bond Market of the PRC at the principal amount of RMB60.0 million with a fixed interest rate at 5.9% per annum.

The Group intends to principally finance its operations and investing activities with its operating revenue, internal resources, bank facilities and collective notes. The Directors believe that the Group has a healthy financial position and has sufficient resources to satisfy its capital expenditure and working capital requirement.

Most of the Group's trading transactions, assets and liabilities were denominated in Renminbi and Hong Kong dollars. The Group adopted a conservative treasury policy with most of the bank deposits being kept in Hong Kong dollars, or in the local currencies of the operating subsidiaries to minimise exposure to foreign exchange risks. As at 30 June 2015, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes.

CHARGE OF GROUP ASSETS

As at 30 June 2015, the Group had pledged certain buildings and prepaid lease payments of approximately RMB135.4 million.

GEARING RATIO

As at 30 June 2015, the Group's gearing ratio (being its total debts (which are the summation of bank borrowings, notes payable, loan from government and amount due to a shareholder) divided by its total equity and multiplied by 100%) decreased to approximately 13.9% (31 December 2014: 14.2%).

FOREIGN EXCHANGE EXPOSURE

Since almost all transactions of the Group are denominated either in Renminbi and Hong Kong dollars, and the exchange rates of such currencies were relatively stable over the period under review, the Directors believe that such exposure does not have any significant adverse effect to the Group. Therefore, the Group has not implemented any formal hedging or other alternative policies to deal with such exposure.

CONTINGENT LIABILITIES

As at 30 June 2015, the Directors were not aware of any material contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSALS

On 29 June 2015, Taoyuan Huisheng, an indirect wholly-owned subsidiary of the Company, entered into an agreement with Taoyuan County Si Xi Breeding Limited* (桃源縣四喜養殖有限責任公司) (an independent third party to the Group) to acquire all assets and the land use rights (which will expire in December 2031) of a breeding farm located in Fengshu Xiang, Taoyuan County, Hunan Province for RMB54 million. The said acquisition was completed in June 2015.

SIGNIFICANT INVESTMENT

Save as disclosed in this report, there was no other significant investments during the period. Save as disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets.

SUBSEQUENT EVENTS

On 29 July 2015, Taoyuan Huisheng entered into an agreement with Deng Jie Wen* (鄧杰文) (an independent third party to the Group) to acquire all assets and the land use rights (which will expire in March 2035) of Hong Feng breeding farm located in Fengshu Xiang, Taoyuan County, Hunan Province for RMB90 million. The said acquisition was completed in July 2015.

Save as disclosed above, no subsequent event has occurred after 30 June 2015 which may have a significant effect on the assets and liabilities or future operations of the Group.

* For identification purposes only

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2015, the Group employed 503 staff members in Hong Kong and the PRC (31 December 2014: 486). The Group remunerates its employees based on their performance and experience, and their remuneration package will be reviewed periodically by the management. Other employee benefits include contributions to social security, medical insurance and retirement schemes and provision of appropriate training program.

The Company has adopted a share option scheme which enables it to grant share options to, among others, selected eligible employees as incentive or reward for their contributions to the Group. The total number of ordinary shares of the Company available for issue under the share option scheme as at the date of this report was 40,000,000 shares, which represented approximately 8.3% of the issued share capital of the Company as at the date of this report. No option had been granted or agreed to be granted under the share option scheme as at the date of this report.

CAPITAL STRUCTURE

On 29 May 2015, the Company issued 80,000,000 new shares to Huimin Holdings Limited, the controlling shareholder of the Company, to complete the Top-up Placing. The issued shares of the Company were then increased to 482,484,000 shares. Save as aforesaid, there has been no change in the capital structure of the Company during the six months ended 30 June 2015.

USE OF NET PROCEEDS FROM GLOBAL OFFERING

After deduction of all related listing expenses and commissions, the net proceeds from the global offering and the partial exercise of over-allotment option (as described in the Prospectus) amounted to approximately HK\$162.9 million (equivalent to approximately RMB128.8 million). Up to 30 June 2015, the Group has used part of the net proceeds in accordance to the proposed usage as set out in Prospectus and the announcement of the Company dated 19 December 2014:

	Net proceeds (RMB million)		
	Available	Utilised	Unutilised
Acquisition of freezer storage facilities for the new production base	50.2	50.2	–
Construction of the breeding, farming and environmental facilities in a breeding farm in Taoyuan	38.9	30.0	8.9
Acquisition of a breeding farm in Qinglin Xiang, Changde, Hunan Province	28.0	28.0	–
Construction and acquiring new hog breeding farms in Changde, Hunan Province	11.7	11.7	–
	128.8	119.9	8.9

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015.

COMPETING INTEREST

None of the Directors or the controlling shareholders (as defined in the Listing Rules) of the Company had an interest in a business which competes or may compete with the business of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Save for the service contracts and letters of appointment entered with the respective Directors, no contract of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the period under review or any time during the period.

OUTLOOK AND FUTURE PROSPECTS

It is the Group's strategy and ultimate goal to streamline and vertically integrate its entire business operations by further implementing its breeding and farming model in order to maintain a stable supply of quality hogs and minimise the reliance on third party suppliers in the future. In July 2015, the Group acquired the Hong Feng breeding farm with a site area of approximately 101mu (equivalent to approximately 67,333.67 square metres) for RMB90 million. It is expected to be able to breed about 5,000 sows and bring about 100,000 hogs each year when in full operation. It is expected that during the second half of 2015, sows will be gradually procured for those newly acquired breeding farms. Together with the breeding farm located in Taoyuan County, Changde, Hunan Province (the construction of which is nearly completed), the proportion of the self-breed hogs of the Group will increase significantly. Given the recent recovery of the prices of hogs and pork products across the PRC, the Group is expected to realise greater returns from its breeding business and provide pork products with better quality to its customers.

As outlined in the Prospectus, the Group is continuously improving and diversifying its processed pork products to cater for today's ever changing customer preferences. During the first half of 2015, the new bone soup products of the Group obtained the production approval and completed the trial production. It is expected to be introduced into the market during the second half of this year.

Apart from the development of new products, the Group also continues to put tremendous effort in exploring new markets. The pork slaughtering facilities and freezer storage facilities of the new production base have already commenced operations and have already significantly increased the Group's pork product freezing capacity, which will allow the Group to explore markets in other provinces across the PRC. Furthermore, the Group obtained an export licence in the first half of 2015 and has already commenced a small scale export business. The Group will fully utilise the enhanced slaughtering and freezing capacity and further explore more markets to create better return to the Group and its shareholders.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

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 corporations (within the meaning of Part XV of the Securities and Futures Ordinances (the "SFO")), as recorded in the register 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 Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

LONG POSITION IN ORDINARY SHARES OF THE COMPANY

Name of Director	Capacity	Number of shares or underlying shares	Approximate percentage of shareholding
Ding Biyan (丁碧燕)	Interest of a controlled corporation (note)	171,390,728	35.5%

Note: These shares are held by Huimin Holdings Limited ("Huimin"), which is wholly owned by Mr. Ding Biyan. By virtue of the SFO, Mr. Ding Biyan is deemed to be interested in the shares held by Huimin.

Save as disclosed above, as at 30 June 2015, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2015, the following persons (other than the Directors and chief executive of the Company) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

LONG POSITION IN ORDINARY SHARES OF THE COMPANY

	Capacity	Number of ordinary shares of the Company held	Approximate percentage of the total issued shares of the Company
Huimin	Beneficial owner	171,390,728	35.5%
Yang Min (楊敏)	Interest of spouse (note 1)	171,390,728	35.5%
Jisheng Holdings Limited ("Jisheng")	Beneficial owner (note 2)	82,147,999	17.0%

Notes:

1. These shares are held by Huimin, which is wholly owned by Mr. Ding Biyan. By virtue of the SFO, Mr. Ding Biyan is deemed to be interested in the shares held by Huimin. Ms. Yang Min is the spouse of Mr. Ding Biyan. By virtue of the SFO, Ms. Yang Min is deemed to be interested in the same number of shares which Mr. Ding is deemed to be interested in.
2. Jisheng is owned as to approximately 33.0% by Mr. Ding Jingxi (丁敬喜), 33.0% by Mr. Zhang Zhizhong (張志忠), 18.6% by Mr. Yu Jishi (于濟世), 11.0% by Mr. Zhou Shigang (周詩剛), 3.3% by Mr. Zhang Jianlong (張建龍) and 1.1% by Ms. Li Xianjie (李賢杰).

Save as disclosed above, as at 30 June 2015, the Directors were not aware of any other person (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code during the six months ended 30 June 2015.

CHANGE IN INFORMATION OF DIRECTORS

Mr. Ma Yiu Ho, Peter, an independent non-executive Director, has resigned as an independent non-executive director, chairman of audit committee and member of remuneration committee of Sky Forever Supply Chain Management Group Limited (stock code: 08047), a company listed on the Growth Enterprise Market of the Stock Exchange, with effect from 20 May 2015.

Save as disclosed above, there is no other change in information regarding the Directors or chief executives of the Company that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions (the “**Code Provisions**”) and certain recommended best practices contained in the Corporate Governance Code set out in Appendix 14 to the Listing Rules as the code of the Company. The Board also reviews and monitors the practices of the Company from time to time with an aim to maintain and improve the Company’s standards of corporate governance practices.

The Company had complied with the Code Provisions during the six months ended 30 June 2015.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The audit committee (the “**Audit Committee**”) of the Company is primarily responsible for, among other things, reviewing the Group’s financial controls, internal control and risk management systems and monitoring the integrity of its financial statements and financial reports. The Audit Committee comprises three independent non-executive Directors, namely Mr. Ma Yiu Ho, Peter, Mr. Deng Jinping and Mr. Liao Xiujian, with Mr. Ma Yiu Ho, Peter as its chairman.

The Audit Committee has reviewed with the management the accounting policies adopted by the Group and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2015. It has also discussed the financial reporting process and internal control system of the Company with the management.

By order of the Board
HUIHENG INTERNATIONAL HOLDINGS LIMITED
Ding Biyan
Chairman

Hong Kong, 13 August 2015