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

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 0359)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015 AND RESUMPTION OF TRADING

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2015, the Group's audited revenue decreased from approximately RMB1,237.0 million to approximately RMB1,144 million, representing a decrease of approximately 7.5% over last year.

- For the year ended 31 December 2015, the Group sustained an audited loss attributable to owners of the Company of approximately RMB1.4 million, as compared to an audited profit attributed to owners of the Company of approximately RMB23.0 million in the previous year.

- For the year ended 31 December 2015, basic and diluted loss per share amounted to RMB0.11 cents, as compared to a basic and diluted earnings per share of approximately RMB1.83 cents in the previous year.

- The Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: Nil).

The board of directors ("Board") of China Haisheng Juice Holdings Co., Ltd. (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2015, with the comparative figures for the corresponding period in 2014, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	NOTE	**2015**	2014
		RMB'000	*RMB'000*
			(Restated)
Revenue	*4*	**1,143,990**	1,237,010
Cost of sales		**(949,858)**	(1,031,116)
Gross profit		**194,132**	205,894
Other income	*5*	**143,981**	99,533
Other gains and losses	*6*	**43,133**	43,574
Gain on disposal of a subsidiary		**–**	10,817
Gain from changes in fair value less costs to sell of biological assets		**173**	–
Distribution and selling expenses		**(132,158)**	(122,080)
Administrative expenses		**(122,652)**	(101,865)
Other expenses		**(12,118)**	(3,744)
Finance costs	*7*	**(107,466)**	(107,498)
Profit before tax		**7,025**	24,631
Income tax expense	*8*	**(1,317)**	(1,428)
Profit for the year		**5,708**	23,203
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**784**	29
Other comprehensive income for the year		**784**	29
Total comprehensive income for the year		**6,492**	23,232
(Loss)/profit for the year attributable to:			
Owners of the Company		**(1,411)**	23,045
Non-controlling interests		**7,119**	158
		5,708	23,203
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(627)**	23,074
Non-controlling interests		**7,119**	158
		6,492	23,232
(Loss)/earnings per share (RMB cents)	*10*		
Basic		**(0.11)**	1.83
Diluted		**(0.11)**	1.83

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	NOTES	2015 RMB'000	2014 RMB'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**1,627,793**	1,435,169
Prepaid lease payments		**109,798**	92,807
Bearer plants		**319,139**	107,584
Prepayments for acquisition of bearer plants		**49,672**	24,580
Deposits for acquisition of property, plant and equipment		**24,939**	16,040
		2,131,341	1,676,180
CURRENT ASSETS			
Biological assets		**6,542**	–
Inventories		**1,004,769**	1,077,514
Trade and other receivables	*11*	**276,009**	312,905
Amounts due from related companies		**164**	164
Prepaid lease payments		**2,526**	2,523
Pledged bank deposits		**24,001**	41,425
Bank balances and cash		**100,260**	173,690
		1,414,271	1,608,221
CURRENT LIABILITIES			
Trade and other payables	*12*	**553,619**	374,772
Bills payables		**25,582**	100,000
Tax payable		**2,452**	2,327
Dividend payable to non-controlling shareholders of a subsidiary		**63**	63
Bank and other borrowings		**1,406,648**	1,084,287
Obligations under finance leases		**43,935**	34,568
Deferred government grants		**855**	–
		2,033,154	1,596,017
NET CURRENT (LIABILITIES)/ASSETS		**(618,883)**	12,204
Total assets less current liabilities		**1,512,458**	1,688,384
NON-CURRENT LIABILITIES			
Other liabilities		**5,734**	–
Bank and other borrowings		**161,036**	686,000
Obligations under finance leases		**166,696**	–
Deferred government grants		**34,516**	–
Deferred tax liabilities		**13,523**	12,606
		381,505	698,606
NET ASSETS		**1,130,953**	989,778
CAPITAL AND RESERVES			
Share capital		**13,061**	13,039
Reserves		**969,355**	974,434
Equity attributable to owners of the Company		**982,416**	987,473
Non-controlling interests		**148,537**	2,305
TOTAL EQUITY		**1,130,953**	989,778

1. GENERAL

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

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

The Group's principal operations are conducted in the People's Republic of China (the "PRC"). The consolidated financial statements are presented in Chinese Renminbi ("RMB"), which is also the functional currency of the Company.

2. PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

a) Going concern

As at 31 December 2015, the Group had net current liabilities of RMB618,883,000 and net debt of RMB1,679,636,000 as stated in note to the consolidated financial statements as at 31 December 2015. In preparing these consolidated financial statements, the directors of the Company have given careful consideration to the impact of the current and anticipated future liquidity of the Group and the ability of the Group to attain profit and positive cash flows from operations in the immediate and longer term.

The ability of the Group to operate as a going concern is dependent upon the availability of the banking facilities and the continuing support of government grants from the local governments in the PRC. As at 31 December 2015, the Group had banking facilities with several PRC banks for providing banking facilities up to approximately RMB1,563 million of which approximately RMB1,142 million were utilized. Most of these banking facilities are subject to renewal during the next 12 months. The directors are confident that these banking facilities could be renewed upon expiration based on the Group's past experience and credit history. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In order to strengthen the Group's liquidity in the foreseeable future, the Group has taken the following measures:

- the Group entered into medium-term loan facility agreements for RMB485 million with banks and other parties for a period of 2 to 5 years in replacing the current short-term bank loans and development of the Group;

- negotiating with banks for renewal and obtaining new banking facilities;

- the directors of the Company have been taking various cost control measures to tighten the costs of operations; and

- the Group has been implementing various strategies to enhance the Group's revenue and profitability.

Based on the cash flow projections of the Group and having taken into account the available financial resources of the Group and the above measures, the directors have concluded that the Group is able to continue as a going concern and to meet their financial liabilities as and when they fall due in the foreseeable future. In this connection, the directors considered that it is appropriate to adopt the going concern in preparing these consolidated financial statements.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their immediate recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

b) Change in presentation of consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows

In the current year, the directors of the Company decided to change the classification of certain line items in the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position and the consolidated statement of cash flows, involving the reclassification on the consolidated statement of profit or loss and other comprehensive income of gain on disposal of bearer plants from revenue and cost of sales to other gains and losses, on the consolidated statement of financial position of the prepayments for acquisition of bearer plants and deposits for acquisition of properties, plant and equipment to non-current assets from advances to suppliers included in trade and other receivables and on the consolidated statement of cash flows of proceeds on disposal of bearer plants and payments for acquisition of property, plant and equipment and bearer plants from cash flows from operating activities to investing activities to better reflect the financial information of the Group's activities. Prior year figures have been re-presented to reflect the new presentation. The reclassification has had no effect on the financial performance of the Group for the year ended 31 December 2014.

The effect of change in presentation for the preceding year by line item presented in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows and related notes is as follows:

	Originally stated	**Reclassification**	**Restated**
	RMB'000	*RMB'000*	*RMB'000*
Consolidated statement of profit or loss and other comprehensive income			
Revenue	1,286,981	(49,971)	1,237,010
Cost of sales	(1,036,632)	5,516	(1,031,116)
Gross profit	250,349	(44,455)	205,894
Other gains and losses	(881)	44,455	43,574
Consolidated statement of financial position			
Biological assets	107,584	(107,584)	–
Bearer plants	–	107,584	107,584
Prepayments for acquisition of bearer plants	–	24,580	24,580
Deposits for acquisition of property, plant and equipment	–	16,040	16,040
Trade and other receivables	353,525	(40,620)	312,905
Non-current assets	1,635,560	40,620	1,676,180
Net current assets	52,824	(40,620)	12,204
Current assets	1,648,841	(40,620)	1,608,221
Consolidated statement of cash flows			
Net cash from operating activities	478,371	36,178	514,549
Net cash used in investing activities	(250,802)	(36,178)	(286,980)
Note 23. Trade and other receivables			
Trade receivables	176,428	(39,099)	137,329
Less: allowance for doubtful debts	(5,107)	–	(5,107)
	171,321	(39,099)	132,222
Receivable from disposal of bearer plants	–	39,099	39,099
Advances to suppliers	72,558	(40,620)	31,938

No consolidated statement of financial position as at 1 January 2014 has been presented as the change in classifications disclosed above have no effects on the financial position of the Group presented in the consolidated statement of financial position as at 1 January 2014.

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

The Group has applied for the first time in the current year for the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB").

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

Amendments to IAS 19, Defined benefit plans: Employee contributions

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, the Company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, IAS 24, Related party disclosures has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

NEW AND REVISED IFRSs IN ISSUE BUT NOT YET EFFECTIVE

IFRS 16 Leases

IFRS 16, which upon the effective date will supersede IAS 17 Leases, introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash payments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and these lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases differently.

The directors of the Company will assess the impact of application of IFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of IFRS 16 until the Group performs a detail review.

The directors of the Company anticipate that the application of other new and revised IFSs will have no material effect on the Group's consolidated financial statements.

4. REVENUE

The following is analysis of the Group's revenue for the year ended 31 December 2015:

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Sale of fruit juice concentrate and related products	**1,095,610**	1,180,960
Sale of apples and other fruits	**48,380**	56,050
	1,143,990	1,237,010

5. OTHER INCOME

	2015	2014
	RMB'000	*RMB'000*
PRC government grants *(note)*	**138,813**	89,189
Bank interest income	**2,044**	864
Amortisation of deferred government grants	**364**	–
Others	**2,760**	9,480
	143,981	99,533

Note: The PRC government grants recognised by the Group in both years represent financial subsidies for giving immediate financial support to the Group, encouraging the Group's export sales, the fruit juice concentrate business and the agriculture business in the PRC. There are no unfulfilled conditions or contingencies in relation to the grants. The grants were determined at the sole discretion of the relevant PRC government authorities.

6. OTHER GAINS AND LOSSES

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Gain on disposal of bearer plants	**54,536**	44,455
Net foreign exchange loss	**(10,643)**	(267)
Loss on disposal of property, plant and equipment	**(967)**	(611)
Other gain/(losses)	**207**	(3)
	43,133	43,574

7. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interest on:		
– bank and other borrowings	**100,895**	103,943
– finance leases	**6,571**	3,555
	107,466	107,498

8. INCOME TAX EXPENSE

	2015	2014
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income tax ("EIT")	**392**	1,172
Other jurisdiction	**8**	334
	400	1,506
Deferred tax	**917**	(78)
	1,317	1,428

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

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

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. Pursuant to the relevant regulations applicable to enterprises situated in the western regions of the PRC, a PRC subsidiary enjoys a preferential tax rate of 15% for 2014 and 2015. The PRC subsidiary will need to apply for the preferential tax rate every year.

For the years ended 31 December 2014 and 2015, certain subsidiaries of the Company, 陝西海升果業發展股份有限公司 translated as Shaanxi Haisheng Fresh Fruit Juice Co., Ltd. ("Shaanxi Haisheng"), 青島海升果業有限公司 translated as Qingdao Haisheng Fresh Fruit Juice Co., Ltd. ("Qingdao Haisheng"), 大連海升果業有限責任公司 translated as Dalian Haisheng Fresh Fruit Juice Co., Ltd. ("Dalian Haisheng"), 棲霞海升果業有限公司 translated as Qixia Haisheng Fresh Fruit Juice Co., Ltd. ("Qixia Haisheng") and 伊天果汁(陝西)有限公司 translated as Yitian Juice (Shaanxi) Co., Ltd. ("Yitian Shaanxi") were approved as "農產品初加工企業" in relation to their production of juice concentrate products and plantation and sales of fruits. As a result, Shaanxi Haisheng, Qingdao Haisheng, Dalian Haisheng, Qixia Haisheng and Yitian Shaanxi were exempted from EIT for both years. Certain provinces required the application of tax exemption under "農產品初加工企業" every year.

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

9. DIVIDENDS

The Directors do not recommend the payment of any final dividend in respect of the years ended 31 December 2015 and 2014.

10. (LOSS)/EARNINGS PER SHARE

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

	2015	2014
	RMB'000	*RMB'000*
(Loss)/profit for the purposes of basic and diluted (loss)/earnings per share		
(Loss)/profit for the year attributable to owners of the Company	**(1,411)**	23,045

	Number of shares	
	2015	2014
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**1,261,351,540**	1,260,000,000
Effect of dilutive potential ordinary shares in respect of share options	**–**	2,060,843
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**1,261,351,540**	1,262,060,843

No adjustment has been made to the basic loss per share amount presented for the year ended 31 December 2015 in respect of a dilution as the impact of share options granted on 18 July 2014 outstanding had an anti-dilutive effect on the basic loss per share amount presented, or the exercise price of share option granted on 23 July 2015 was higher than the average market price of the ordinary shares of the Company during the year and share option granted on 23 July 2015 had no dilutive effect on the basic loss per share amount presented.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2015.

11. TRADE AND OTHER RECEIVABLES

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

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
Aged:		
0-90 days	**107,332**	131,559
91-180 days	**9,589**	663
181-365 days	**653**	–
Over 1 year	**3,288**	–
	120,862	132,222

12. TRADE AND OTHER PAYABLES

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

	2015	2014
	RMB'000	*RMB'000*
Aged:		
0-90 days	**330,329**	189,039
91-180 days	**16,988**	29,386
181-365 days	**11,456**	4,301
Over 1 year	**6,062**	1,840
	364,835	224,566

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the financial year ended 31 December 2015, the Group recorded a revenue of approximately RMB1,144.0 million, representing a decrease of 7.5% over previous year. Gross profit margin for the current year is 17.0% as against 16.6% in previous year.

The decrease in revenue in 2015 was mainly attributable to the decrease in average selling price of the products.

The slight increase in gross profit margin was mainly attributable to the decrease in unit production cost of the products of the Group.

Other income increased by 44.7% to approximately RMB144.0 million which was mainly due to the increase in subsidies from the PRC Government.

Other gains and losses decreased slightly by 1% to approximately RMB43.1 million which were mainly due to the gain on disposal of bearer plants net of net foreign exchange loss.

The increase in distribution and selling expenses by 8.3% to approximately RMB132.2 million was mainly attributable to the increase in freight charges by shipping companies during the current year.

The increase in administrative expenses by 20.4% to approximately RMB122.7 million was mainly attributable to the expansion of the agricultural business as the Group had 30 new planting bases in 2015.

The finance costs remained the same at approximately RMB107.5 million while were mainly attributable to the relatively stable in the overall level of bank borrowings and obligation under finance leases in both 2015 and 2014.

Attributable mainly to the aforesaid, the Group sustained an audited loss attributable to owners of the Company of approximately RMB1.4 million, as compared to an audited profit attributable to owners of the Company of approximately RMB23.0 million in the previous year.

Liquidity and financial resources

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

As at 31 December 2015, the Group's bank and other borrowings and obligations under finance leases amounted to approximately RMB1,778.3 million (as at 31 December 2014: RMB1,804.9 million), among which, approximately RMB564.1 million (as at 31 December 2014: RMB1,154.7 million) were secured by way of charge on the Group's assets. Approximately RMB344.8 million were denominated in US dollars while approximately RMB1,433.5 million were denominated in RMB.

	2015	2014
	RMB'000	*RMB'000*
Bank loans	**1,116,389**	1,320,287
Other borrowings *(note)*	**450,000**	450,000
Others	**1,295**	–
Obligations under finance leases	**210,631**	34,568
	1,778,315	1,804,855

Note: During the year ended 31 December 2013, a non-wholly owned subsidiary of the Company issued and completed the registration of a corporate bond (the "Corporate Bond") with China Central Depository & Clearing Co., Ltd. The principal amount of the Corporate Bond was RMB450,000,000. The Corporate Bond was unsecured and the coupon rate of the Corporate Bond was fixed at 6.5% per annum and the coupon interest was paid annually. The Corporate Bond was fully repaid upon maturity in February 2016.

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

As at 31 December 2015, the cash and bank balances including pledged bank deposits amounted to approximately RMB124.3 million (as at 31 December 2014: RMB215.1 million).

The Group monitors capital using gearing ratio, which is net debt divided by the total equity. Net debt is calculated as bank loans, bills payable, other borrowings and obligations under finance leases less pledged bank deposits and cash and cash equivalents as shown in the consolidated statement of financial position. Total equity comprises all components of equity. The Group aims to maintain the gearing ratio at a reasonable level. At 31 December 2015, the gearing ratio was 148.5% (2014: 170.7%).

Exposure of foreign exchange

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

Contingent Liabilities

During the year ended 31 December 2014, the Group was sued by its competitor (the "case") in the USA in respect of obtaining access of trade secrets of a sweet potato juice concentrate through the competitor's former employee. The directors of the Company, to the best of their knowledge, believed that the claims lacked merit and would vigorously defend such actions. As the amount of damages to be claimed by the counterparty was uncertain, no contingent liability has been accrued as at 31 December 2014. On 26 May 2015, the USA court dismissed the case without prejudice and the case was closed.

Business Review

Juice Concentrate and By-Product Processing Segment

In 2013 and 2014, since Europe, the second largest apple producer in the world, sold a significant volume of apple juice concentrate to the international market, the price of apple juice concentrate in the international market dropped, together with a declined export volume of apple juice concentrate from China. However, apple juice concentrate produced in Europe is highly acid while those produced in China is low acid. As food and beverages manufacturers have rigid demand for apple juice concentrate with different acidity, the international customers increased their percentage of purchase of apple juice concentrate produced in China in 2015, which made the export volume of apple juice concentrate from China recording a slight increase. During the reporting period, the Group remained as the largest exporter of apple juice concentrate in China. The percentages of the exporting volume from China to America and Canada, Eastern Europe, Australia and New Zealand and Europe were increased by 4%, 8%, 3% and 2% respectively.

In juice concentrate processing segment, the Group reduced the production cost of juice concentrate products by stably controlling raw materials price and improving production efficiency. Through suggesting product solutions of compound fruit juice beverage concentrate for major customers, the Group won stronger customers' loyalty and recorded a higher sales volume and sales price in juice products. During the reporting period, the Group's plants in Xinjiang and apple plantation base passed the organic certification of European Union and USA, which is now capable and qualified for supplying organic juice.

In not-from-concentrate and by-product processing segment, the Group continued to optimize product structure and increased the proportion of products with high profit-margin in order to improve our operation. During the reporting period, the Group made process in improving product structure: changing the juice concentrate production line in Wainan plant to quality fructose production line to provide customer with high-quality fructose products; completing the pectin production line in Dangshan, Anhui, which allow the Group to deep process the intermediate products of apple juice concentrate for extracting high value-added natural pectin of apple. Products from trial production has been highly recognized by customers; upgrading and modifying beverage bottling line for the purpose of launching 5 new bottled drinks under "Eden View" series at the end of the year, which has been well-accepted by the market; and completing the R&D and trail production of NFC fresh juice and freeze-dried products of "Eden View" crunchy fruit series.

In 2015, the Group's labs passed ISO17025 certification and completed the registrations of two patents in the PRC as below:

Lactic acid bacteria fruit juice beverage and its preparation Technology (accepted)	Patent No. 201510375190.X
Compound fruit juice beverage and its production process (accepted)	Patent No.201510376954.7

Prospect

In 2016, based on consolidating existing business, the Group will continue adjust product structure and create more profit points in order to achieve a healthful and stable development of the Group's processing business. The Group will enhance the R&D and production of end products, including bottled drinks, NFC juice and crunchy fruit, and actively extend the marketing channel of products under "Eden View" brand in order to customers' acceptance of "Eden View" brand.

Fresh fruit plantation and circulation

During the reporting period, the Group kept optimizing industrial chain and made a breakthrough in seedling breeding, species selection, field construction for demonstration purpose, sorting and storage, packaging and logistic and brand name development.

As for seedling breeding, the Group established good cooperative relationship with research institutions and seedling breeding institutions around the world and started trial cultivation of nearly 100 new varieties of apple and berry with an aim to select quality and new variety to upgrade existing apple and berry in our fields and to provide consumers with more high quality choices. During the reporting period, the Group formally introduced a number of quality and new varieties of apple and berry, and the Group is the exclusive planter of honey crisp apple in China. Margil apple produced by the Group was chosen from fine selection and examination, and has been qualified as the exclusive gift fruit of the Ministry of Foreign Affairs for the Parade commemorating 70th anniversary of the victories of Anti-Japanese War of the Chinese people and the World Anti-Fascist War.

As for field construction for demonstration purpose, the Group established 45 modernized fruits and vegetables plantation bases with site are of approximately 43,400 mus in Aqsu, Xinjiang, to the west, Dalian, Liaoning to the east, Shenyang to the north and Zhaotong, Yunnan to the south. The construction of all of the bases has fully complied with the standards under the Global Good Agricultural Practices ("Global GAP"). Plantation base in Aqsu, Xinjiang has passed the organic certification of European Union and USA. The Group's main product is apple and certain high-end fine fruits, including baby carrot, kiwi, cherry and blueberry. We intend to provide numerous standardized, high quality and high-end fruits products to customers. During the reporting period, the Group introduced a set of cutting-edge intelligent greenhouse technology form Netherlands and started the construction of multi-span greenhouse of 50,000 m^2 in Tongchuan, which adopts lifted base soilless culture for planting strawberry that is able to keep strawberry green throughout the year and realizes highly effective and intensive plantation.

As for sorting, storage and logistics, the Group built an advanced technology modern apple assembly and storage industrial park among the world in Qianyang County, Shaanxi Province, which integrates process of apple sorting, packaging and cold storage with world top technology. In addition, the Group also established a cold chain logistic fleet, which allowed us to materialize integrated cold-chain delivery and guarantee the quality of end products.

As for brand development and sales, products under the brand name of "Eden View" are certificated by numerous high-end supermarket, including Wikiwand Supermarket, Metro, Renrenle, Rainbow, Ito Yokado, Carrefour, Wal-Mart and China Resources Vanguard Shop. Also, the Group has established long-term cooperative relationships with large distributors, including Golden Wing Mau, Jianong, Lvhai and Pagoda. In addition, the Group has established online distribution channels on JD.COM, Tmall and Alibaba.

Prospect

In 2016, the Group will further optimize product structure in agricultural cultivation, improve production and management standard and increase output volume of unit area and output rate of commodity fruits. Apple processing demonstration park built by the Group will commence operation in 2016. It can accurately categorize products according to various criteria, such as size, exterior appearance and brix. Also, it can operate cold storage throughout a year, allowing us to stably supply quality and fresh fruits to the market. In the future, based on modernized agriculture and cultivation businesses, the Group will further develop agricultural tourism business.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting of the Company (the "Annual General Meeting") will be held on Friday, 23 September 2016. The notice of the Annual General Meeting will be published on the Company's website and the Stock Exchange's website and sent to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from Wednesday, 21 September 2016 to Friday, 23 September 2016 (both dates inclusive). In order to determine the identity of the shareholders who are entitled to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30pm on Tuesday, 20 September 2016.

DIVIDENDS

The Board does not recommend any payment of final dividend for the year ended 31 December 2015.

EVENTS AFTER THE REPORTING PERIOD

a) On 28 December 2015, 陝西超越農業有限公司 ("陝西超越"), a subsidiary of the Group, entered into a capital increase agreement with 彬縣海越農業有限公司 ("彬縣海越") and 彬縣城市建設投資開發有限責任公司 ("彬縣城建"), an independent third party at the time of the agreement, to inject an additional capital of RMB100 million into 彬縣海越, a subsidiary of the Group. Pursuant to the agreement, 陝西超越 and 彬縣城建 shall contribute additional capital of RMB60 million and RMB40 million respectively by 31 December 2016. Since the end of the reporting period, 彬縣城建 made a total capital contribution of RMB40 million and 陝西超越 made a total capital contribution of RMB60 million. Upon the completion of the capital injection, the Group's equity interest in 彬縣海越 will be diluted to approximately 69%.

b) On 25 June 2016, Shaanxi Haisheng entered into an equity joint venture contract with Distell International Holdings Limited ("Distell") pursuant to which Distell and Shaanxi Haisheng have agreed to establish a company in the PRC (the "JV Company") with a registered capital of RMB100 million and each of Distell and Shaanxi Haisheng has agreed to contribute to the registered capital of the JV Company at RMB51 million and RMB49 million, respectively. Upon the completion of the capital contributions, the JV Company will be owned as to 51% and 49% by Distell and Shaanxi Haisheng respectively.

CORPORATE GOVERNANCE PRACTICES

During the year under review, all the code provisions in the Corporate Governance Code (which is set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) were met by the Company, with the exception of three deviations, namely, (i) the code provision A.2.1 providing for the roles of the chairman and chief executive officer (or chief executive) to be performed by different individuals. At present, the Company does not have a competent candidate for the position of chief executive officer. Mr. Gao Liang, therefore, acts as the chairman and chief executive officer of the Company. The Company is recruiting for the competent and suitable person to take the position of chief executive officer; (ii) the code provision A.6.7 (the "Second Deviation") providing for independent non-executive Directors ("INED(s)") of the Company to, inter alia, attend general meetings; and (iii) the code provision E.1.2 (the "Third Deviation") providing for the chairman of the Board (the "Chairman") to attend the annual general meeting of the Company and to invite the chairman of audit, remuneration and nomination committee to attend. Regarding the Second Deviation and the Third Deviation, the Chairman and two INEDs, namely Mr. Zhao Boxiang (chairman of remuneration committee) and Mr. Li Yuanrui, were absent from both the last annual general meeting of the Company held on 15 May 2015 and the extraordinary general meeting of the Company held on 16 January 2015 due to their other important engagements at the relevant time. Other Board members, including members of the remuneration and nomination committees, attended the aforesaid general meetings and made themselves available to answer questions.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

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

STAFF AND REMUNERATION POLICIES

As at 31 December 2015, the Group had 1,592 employees. The Group mainly determines staff remuneration in accordance with market terms and individual qualifications.

The emoluments of the Directors are reviewed and recommended by the remuneration committee, and decided by the Board, as authorised by the shareholders at the annual general meeting, in accordance with the Group's operating results, individual performance and comparable market statistics.

The Company maintains a share option scheme, pursuant to which, share options are granted to selected eligible participants, to provide incentive to the option holders to participate and contribute the growth of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the year ended 31 December 2015.

COMPLIANCE OF THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

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

AUDIT COMMITTEE

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

The audit committee has reviewed and discussed the audited consolidated financial statements for the year ended 31 December 2015.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The below sections set out an extract of the report by Crowe Horwath (HK) CPA Limited, the auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 31 December 2015:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

We draw attention in note 2 to the consolidated financial statements which indicate that the Group had net current liabilities of RMB618,883,000 and net debts of RMB1,679,636,000 as at 31 December 2015. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the ability of the Group to attain profit and positive cashflows from operations and the financial support from banks. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2015.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE AND THE COMPANY

The electronic version of this announcement will be published on the website of the Stock Exchange at http://www.hkex.com.hk and on the website of the Company at http://www.chinahaisheng.com. An annual report for the year ended 31 December 2015 containing all the information required by Appendix 16 to the Listing Rules will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2016 pending the release of this annual results announcement for the year ended 31 December 2015. Application has been made to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on 1 August 2016.

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

Xi'an, the People's Republic of China, 29 July, 2016

As at the date of this announcement, the executive directors are Mr. Gao Liang, Mr. Zhang Xiang, Mr. Ding Li and Mr. Zhao Chongjun; the independent non-executive directors are Mr. Zhao Boxiang, Mr. Li Yuanrui and Mr. Chan Bing Chung.