

HAISHENG

2016

Interim Report



China Haisheng Juice Holdings Co.,Ltd.

中國海升果汁控股有限公司

Stock Code : 359

Corporate Information	2
Highlights	3
Management Discussion and Analysis	4
Directors' Report	10
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	18
Condensed Consolidated Statement of Financial Position	20
Condensed Consolidated Statement of Changes in Equity	22
Condensed Consolidated Statement of Cash Flows	23
Notes to the Condensed Consolidated Interim Financial Information	24

Corporate Information

Stock Code

359

Executive Directors:

Mr. Gao Liang (*Chairman*)

Mr. Zhang Xiang (*Resigned on 10 August 2016*)

Mr. Ding Li

Mr. Zhao Chongjun

Mr. Wang Linsong

(*appointed on 10 August 2016*)

Independent non-executive directors:

Mr. Li Yuanrui

Mr. Zhao Boxiang

Mr. Chan Bing Chung

Company Secretary

Mr. Terence Sin Yuen Ko, FCCA

Authorised Representatives

Mr. Gao Liang

Mr. Terence Sin Yuen Ko, FCCA

Audit Committee Members

Mr. Chan Bing Chung (*Chairman*)

Mr. Zhao Boxiang

Mr. Li Yuanrui

Remuneration Committee Members

Mr. Zhao Boxiang (*Chairman*)

Mr. Li Yuanrui

Mr. Chan Bing Chung

Nomination Committee Members

Mr. Zhao Boxiang (*Chairman*)

Mr. Li Yuanrui

Mr. Zhao Boxiang

Mr. Chan Bing Chung

Registered Office

Cricknet Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Head Office and Principal Place of Business in Hong Kong

Room B, 3rd Floor

Eton Building

288 Des Voeux Road Central

Hong Kong

Website Address

www.chinahaisheng.com

Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company
(Cayman) Limited

4th Floor, Royal Bank House

24 Shedden Road, George Town

Grand Cayman KY1-1110

Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor
Services Limited

Shops 1712-1716, 17th Floor

Hopewell Centre

183 Queen's Road East, Wanchai

Hong Kong

Principal Bankers

Agriculture Bank of China

The Export-Import Bank of China

Bank of China

HIGHLIGHTS

- For the six months ended 30 June 2016, the Group's unaudited turnover increased from approximately RMB562.8 million to approximately RMB639.8 million, representing an increase of approximately 13.7% over the same period of last year.
- For the six months ended 30 June 2016, the Group attained an unaudited profit attributable to owners of the Company of approximately RMB32.6 million, representing an increase of approximately 8.9 times over the same period of last year.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: Nil).

Management Discussion and Analysis

Financial review

The Board announces that, for the six months ended 30 June 2016, the Group recorded an unaudited turnover of approximately RMB639.8 million, representing an increase of approximately 13.7% over the same period of last year. Gross profit margin for the six months ended 30 June 2016 was approximately 17.5%, as compared with 20.4% for the same period of last year. The Group has attained an unaudited profit attributable to owners of the Company of approximately RMB32.6 million for the period under review representing an increase of approximately 8.9 times over the same period of last year.

For the period under review, turnover increased by approximately 13.7% to approximately RMB639.8 million. Such increase was mainly attributable to the increase in the sales volume of juice concentrate of the Group.

For the period under review, the gross profit margin of the Group decreased from approximately 20.4% to approximately 17.5% which was attributable to the decrease in average selling price of the juice concentrate.

Other income increased by approximately 73.7% to approximately RMB77.7 million during the period under review. Such increase was mainly attributable to the increase in government subsidy received.

Distribution costs increased by approximately 10.9% to approximately RMB63.6 million during the period under review. Such increase was mainly attributable to the increase in sales volume and in turn, the increase in the freight charges of the Group.

Administrative expenses increased by approximately 32.4% to approximately RMB65.3 million during the period under review. The increase in administrative expenses was mainly attributable to the increase in planting bases and staff cost.

Finance costs of the Group amounted to approximately RMB44.0 million in the period under review, representing a decrease of approximately 13.9% over the same period of last year. The decrease is attributable to the general decrease in the lending rate in the PRC.

Management Discussion and Analysis

As a result of the foregoing, the Group attained an unaudited profit attributable to owners of the Company of approximately RMB 32.6 million for the six months ended 30 June 2016, representing an increase of approximately 8.9 times over the same period of last year.

Liquidity and financial resources

The treasury policy of the Group is centrally managed and controlled at the corporate level. As at 30 June 2016, the Group's bank and other borrowings and obligations under finance leases amounted to approximately RMB1,862.8 million (as at 31 December 2015: RMB1,778.3 million), among which, approximately RMB1,062.4 million were due within one year and approximately RMB800.4 million were due within two to five years. Approximately RMB350.8 million of the sum were denominated in US dollars while approximately RMB1,512.0 million were denominated in RMB. Approximately RMB382.2 million of the sum were fixed-rate borrowings while approximately RMB1,480.6 million were variable-rate borrowings. Among the bank loans, approximately RMB747.5 million were secured by way of charge on the Group's assets.

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Bank loans	1,671,175	1,116,389
Other borrowings (note)	–	450,000
Loan from government	1,295	1,295
Obligations under finance leases	190,337	210,631
	1,862,807	1,778,315

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.

Management Discussion and Analysis

As at 30 June 2016, the cash and bank balances including pledged bank deposits amounted to approximately RMB303.9 million (as at 31 December 2015: RMB124.3 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 30 June 2016, the gearing ratio was 140.1% (as at 31 December 2015: 148.5%).

As of 30 June 2016 the Group has approximately RMB183.4 million capital commitments (as at 31 December 2015: RMB355.7 million).

Exposure to fluctuations in exchange rates

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

Pledge of assets

As at 30 June 2016, the Group pledged property, plant and equipment, prepaid lease payments, pledged bank deposits, inventories and value added tax recoverable for security of the Group's borrowings and obligation under finance lease with carrying account of approximately RMB1,328.5 million (as at 31 December 2015: RMB1,008.6 million).

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2016.

Business review

Juice Concentrate and By-Product Processing

In the first half of 2016, the demand of apple juice concentrate in the international market increased, and also food and beverages manufacturers increased the proportion of apple juice concentrates purchase from China, therefore, China's apple juice concentrate export volume increased by nearly 80,000 tons as compared with last year. During the period under review, export volume of apple juice concentrates of the Group remained as the largest exporter of apple juice concentrate in China, representing 23% of total export volume of China's apple juice concentrates. The Group adjusted its sales strategy in view of market conditions by raising the market share of its sales to Africa, the Middle East market where the market price is higher while maintaining its No.1 position in the industry in terms of export volume.

From January to June 2016, the Group continued to expand the domestic customer of minor fruits, therefore, the sales volume of domestic juice concentrate increased as compared with same period of last year. During the period under review, the Group continued to optimize its product structure, and jointly established a winery in Dangshan, Anhui with Distell in South Africa, which is the second largest wine producers in the world, and it is expected that the construction will be completed and put into operation by 2017; production lines of pectin in Dangshan, Anhui have been put into operation, and sales have been realized; besides, the Group launched 5 flavours of "Eden View" bottled juice through several sales channels in domestic market, fulfilling market demands to new products and new flavours.

In respect of quality control, the Group upgraded and transformed the technology of fruit juice processing system, improved production efficiency and reduced the costs while improving the product's quality so as to lay a foundation for production in the new grinding season.

Management Discussion and Analysis

Prospect

Along with the improvement of domestic consumption level, expansion of consumption market of fruit juice and related beverage products, increasing demand of product diversity and high quality products, the Group will continue to optimize the existing product structure, and will actively prepare for the construction of wine production plant, which will create new growth drivers for the profit for the Group.

Modernized Agriculture

During the period under review, management re-sorted out the organization structure of modernized agriculture sector according to the existing business and development direction in the future, and divided the modernized agriculture sector into seven business departments, i.e., temperate fruits, berries, tropical fruits, agricultural facilities, fresh marketing, tourism and vegetables. The Group constructed a cutting-edge intelligent greenhouse in Tongchuan, and will continue to develop agricultural planting base in areas which are suitable for plantation, and breeding and sale of fruits such as apples, pears, strawberries, citrus etc. will be developed.

During the first half of 2016, production management level of the base was enhanced. Under the premise of ensuring product quality, the breeding volume and the fruiting volume increased as compared with same period of last year, which laid a foundation for the growth of production volume in the second half of the year, and also lowered products' unit costs. Along with the concern of consumers in respect of food safety increased, the Group further enhanced the quality and safety management level of production base. Certification institution, SGS, performed training and testing to related staff in agriculture sector of the Group in relation to the new standard Global GAP, and entered into certification contracts with some of the new production bases.

During the period under review, the Group increased the experiments and research efforts in fruit trees, and there were some achievements in fruit trees rooting, soils, herbicides, promote branching, cold rootstock seedlings plantation. Testing centre of the Group also performed experiments and selections on over 100 species of apple samples, and specific primers for testing apple virus have been obtained.

Management Discussion and Analysis

During the period under review, the Group promoted the integrated development of primary, secondary and tertiary industry, utilized natural advantages of village's natural environment, agricultural resources, rural landscapes and local culture, and three agricultural tourism projects, Binzhou Station, China Berry Valley and Qianyang Apple Theme Park, were formed with the support of local governments, which further improved the industrial chain of modernized agriculture.

Prospect

In the future, the Group will continue to focus on production management and sale, so as to ensure number and quality of products, and will continue to explore online and offline sale channels on existing basis. In the second half of 2016, along with the operation of apple processing demonstration park, products' accurate grading and stable supply for the whole year will be achieved by the Group, brand value of "Eden View" will further be enhanced.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: Nil).

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the six months ended 30 June 2016.

Share Option Scheme

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 29 May 2007 for the primary purpose of providing incentives to directors and eligible employees, and will expire on 29 May 2017. Under the Scheme, the Board may, at its absolute discretion, grant options to the following participants to subscribe for shares in the Company:

- (i) any eligible employees, including executive, non-executive and independent non-executive directors and consultants or advisors of or to the Company or its subsidiaries or any entity in which the Group holds any equity interest ("Invested Entity");
- (ii) any supplier of goods or services to any member of the Group or any Invested Entity;
- (iii) any customer of the Group or any Invested Entity;
- (iv) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and
- (v) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group and any Invested Entity.

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

Options granted must be taken up within 28 days from the date of grant, upon payment of HK\$1 per option. The exercise price is determined by the directors of the Company, and must be at least the highest of (i) the closing price of the shares on the date of grant of the Option, which must be a business day, (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

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

Directors' Report

Category and name of grantees	Date of grant	Exercise price (HK\$)	Outstanding at 1.1.2016	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding at 30.6.2016
Directors and their respective associates								
Mr. Gao Liang	18.7.2014 (Note 1)	0.33	12,000,000	-	-	-	-	12,000,000
Mr. Ding Li	18.7.2014 (Note 1)	0.33	972,000	-	-	-	-	972,000
	23.7.2015 (Note 2)	0.455	1,152,000	-	-	-	-	1,152,000
Mr. Zhang Xiang	18.7.2014 (Note 1)	0.33	972,000	-	-	-	-	972,000
	23.7.2015 (Note 2)	0.455	1,152,000	-	-	-	-	1,152,000
Mr. Zhao Chongjun	18.7.2014 (Note 1)	0.33	972,000	-	-	-	-	972,000
	23.7.2015 (Note 2)	0.455	1,152,000	-	-	-	-	1,152,000
Ms. Xie Haiyan (Note 3)	18.7.2014 (Note 1)	0.33	552,000	-	-	-	-	552,000
	23.7.2015 (Note 2)	0.455	700,000	-	-	-	-	700,000
Employees in aggregate	18.7.2014 (Note 1)	0.33	21,640,000	-	-	-	-	21,640,000
	23.7.2015 (Note 2)	0.455	35,156,000	-	-	-	(200,000)	34,956,000
			76,420,000	-	-	-	(200,000)	76,220,000

Notes:

- 50% of the share options granted on 18 July 2014 should be vested for six months (i.e. from 18 July 2014 to 17 January 2015) and the Exercisable period for this tranche of option should be 18 January 2015 to 17 July 2017. The remaining 50% should be vested for twelve months (i.e. from 18 July 2014 to 17 July 2015) and the Exercisable period for this tranche of option should be 18 July 2015 to 17 July 2017.

2. 50% of the share options granted on 23 July 2015 should be vested for six months (i.e. from 23 July 2015 to 22 January 2016) and the Exercisable period for this tranche of option should be 23 January 2016 to 22 July 2018. The remaining 50% should be vested for twelve months (i.e. from 23 July 2015 to 22 July 2016) and the Exercisable period for this tranche of option should be 23 July 2016 to 22 July 2018.
3. Ms. Xie Haiyan is the spouse of Mr. Gao Liang, being an associate of an executive Director.

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

As at 30 June 2016, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") in the Listing Rules, were as follows:

Long position

Name	Name of the company	Capacity	Number and class of securities directly or indirectly held	Approximate percentage of shareholding
Mr. Gao Liang	The Company	Interest of controlled corporation	459,061,238 Shares ^(Note 1)	36.36%
		Interest of spouse	5,640,660 Shares ^(Note 2)	0.44%
		Beneficial owner	12,000,000 Shares ^(Note 3)	0.95%
			476,701,898 Shares	37.75%
Mr. Zhang Xiang	The Company	Beneficial owner	2,124,000 Shares ^(Note 3)	0.17%
Mr. Ding Li	The Company	Beneficial owner	2,124,000 Shares ^(Note 3)	0.17%
Mr. Zhao Chung Jun	The Company	Beneficial owner	2,124,000 Shares ^(Note 3)	0.17%

Directors' Report

Notes:

1. As at 30 June 2016, the 459,061,238 Shares were held by Think Honour International Limited ("Think Honour"), the entire issued share capital of which was held by Mr. Gao Liang. Accordingly, Mr. Gao Liang was deemed to be interested in the 459,061,238 Shares held by Think Honour by virtue of the SFO.
2. As at 30 June 2016, the 5,640,660 Shares (of which 1,252,000 Shares are the underlying shares granted under the share option scheme of the Company) were held by Ms. Xie Haiyan who is the spouse of Mr. Gao Liang. Accordingly, Mr. Gao Liang was deemed to be interested in the 5,640,660 Shares held by Ms. Xie Haiyan
3. The shares are the underlying shares granted under the share option scheme of the Company.

Save as disclosed above, as at 30 June 2016, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporation that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2016, the interests and short positions of every person, other than a Director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name	Name of the company	Capacity	Number and class of securities directly or indirectly held	Approximate percentage of shareholding
Ms. Xie Haiyan	The Company	Interest of spouse	471,061,238 Shares ^(Note 1)	37.31%
		Beneficial owner	5,640,660 Shares ^(Note 2)	0.44%
			476,701,898 Shares	37.75%
Think Honour	The Company	Beneficial owner	459,061,238 Shares ^(Note 3)	36.36%
Tiandi Yihao Beverage Co., Ltd.	The Company	Interest of controlled corporation	227,996,000 Shares ^(Note 4)	18.06%
Shenzhen Tiandi Win-Win Investment Management Co., Limited	The Company	Interest of controlled corporation	227,996,000 Shares ^(Note 4)	18.06%
Tiandi Win-Win Investment Management Co., Limited	The Company	Beneficial owner	227,996,000 Shares ^(Note 4)	18.06%

Directors' Report

Notes:

1. Ms. Xie Haiyan is the spouse of Mr. Gao Liang. Ms. Xie Haiyan is deemed to be interested in the 471,061,238 Shares in which Mr. Gao Liang is deemed to be interested by virtue of the SFO.
2. Among the 5,640,660 Shares, 1,252,000 Shares are the underlying shares granted under the share option scheme of the Company.
3. The entire issued share capital of Think Honour was held by Mr. Gao Liang.
4. Tiandi Win-Win Investment Management Co., Limited is a wholly-owned subsidiary of Shenzhen Tiandi Win-Win Investment Management Co., Limited which is a wholly-owned subsidiary of Tiandi Yihao Beverage Co., Ltd. Pursuant to the SFO, Shenzhen Tiandi Win-Win Investment Management Co., Limited and Tiandi Yihao Beverage Co., Ltd. are deemed to be interested in the 227,996,000 Shares held by Tiandi Win-Win Investment Management Co., Limited.

Save as disclosed above, as at 30 June 2016, the Directors or chief executive of the Company were not aware of any other person or parties having an interest and/or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Corporate Governance Practices

During the six months ended 30 June 2016, all the code provisions in the Corporate Governance Code (which is set out in the Appendix 14 of the Listing Rules) were met by the Company, with the exception of the deviation, namely, Code Provision A.2.1 providing for the roles of the chairman and chief executive officer (or chief executive) to be performed by different individuals. The Company does not have a competent candidate for the position of Chief Executive Officer currently. Mr. Gao Liang, therefore, acts as the Chairman and Chief Executive Officer of the Company. The Company is recruiting for the competent and suitable person to take the position of Chief Executive Officer.

Compliance of the Model Code for Securities

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

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.

REVIEW OF RESULTS

The unaudited interim results for the six months ended 30 June 2016 was reviewed by the audit committee of the Company.

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

Xi'an, the People's Republic of China, 31 August, 2016

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

	NOTES	(Unaudited)	
		Six months ended 30 June 2016 RMB'000	2015 RMB'000 (Restated)
Revenue	4	639,763	562,808
Cost of sales		(527,511)	(448,051)
Gross profit		112,252	114,757
Other income		77,728	44,761
Other gains and losses		19,928	5,059
Distribution and selling expenses		(63,632)	(57,366)
Administrative expenses		(65,310)	(49,315)
Other expenses		(2,960)	(914)
Finance costs		(43,962)	(51,067)
Profit before tax	6	34,044	5,915
Taxation	7	(1,289)	(679)
Profit for the period		32,755	5,236
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		800	(3)
Other comprehensive income/(expense) for the period		800	(3)
Total comprehensive income for the period		33,555	5,233
Profit for the period attributable to:			
Owners of the Company		32,621	3,299
Non-controlling interests		134	1,937
		32,755	5,236

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

		(Unaudited)	
		Six months ended 30 June	
		2016	2015
NOTES		<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)	
<hr/>			
Total comprehensive income attributable to:			
Owners of the Company		33,421	3,296
Non-controlling interests		134	1,937
		<hr/> 33,555	5,233
Dividends	8	<hr/> –	–
Earnings per share (RMB cents)			
Basic	9	<hr/> 2.58	0.26
Diluted	9	<hr/> 2.57	0.26
<hr/>			

Condensed Consolidated Statement of Financial Position

At 30 June 2016

	NOTE	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,875,899	1,627,793
Prepaid lease payments		94,075	109,798
Bearer plants	11	380,026	319,139
Prepayments for acquisition of bearer plants		79,982	49,672
Deposits for acquisition of property, plant and equipment		3,305	24,939
Total non-current assets		2,433,287	2,131,341
CURRENT ASSETS			
Prepaid lease payments		1,275	2,526
Biological assets		13,975	6,542
Inventories	12	616,386	1,004,769
Trade and other receivables	13	376,423	276,009
Amounts due from related companies		164	164
Pledged bank deposits		50,710	24,001
Bank balances and cash		253,234	100,260
Total current assets		1,312,167	1,414,271
CURRENT LIABILITIES			
Trade and other payables	14	495,719	553,619
Bills payables		122,011	25,582
Tax payable		2,501	2,452
Dividend payable to non-controlling shareholders of a subsidiary		63	63
Bank and other borrowings		1,017,270	1,406,648
Obligations under finance leases		45,179	43,935
Deferred government grants		742	855
Total current liabilities		1,683,485	2,033,154

Condensed Consolidated Statement of Financial Position

At 30 June 2016

	30 June 2016	31 December 2015
NOTE	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
NET CURRENT LIABILITIES	(371,318)	(618,883)
Total assets less current liabilities	2,061,969	1,512,458
NON-CURRENT LIABILITIES		
Other liabilities	5,734	5,734
Bank and other borrowings	655,200	161,036
Obligations under finance leases	145,158	166,696
Deferred government grants	46,756	34,516
Deferred tax liabilities	14,303	13,523
Total non-current liabilities	867,151	381,505
NET ASSETS	1,194,818	1,130,953
CAPITAL AND RESERVES		
Share capital	13,061	13,061
Reserves	1,002,776	969,355
Equity attributable to owners of the Company	1,015,837	982,416
Non-controlling interests	178,981	148,537
TOTAL EQUITY	1,194,818	1,130,953

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

Attributable to Owners of the Company

	Share Capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Special reserve RMB'000	Translation reserve RMB'000	Statutory surplus reserve RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total RMB'000
At 1 January 2015 (audited)	13,039	202,327	2,127	258,722	(1,220)	172,692	(1,087)	340,873	987,473	2,305	989,778
Profit for the period (unaudited)	-	-	-	-	-	-	-	3,299	3,299	1,937	5,236
Exchange differences arising on translation of foreign operations (unaudited)	-	-	-	-	(3)	-	-	-	(3)	-	(3)
Total comprehensive income for the period (unaudited)	-	-	-	-	(3)	-	-	3,299	3,296	1,937	5,233
Issue of shares	15	472	-	-	-	-	-	-	487	-	487
Contribution from minority shareholder of a subsidiary	-	-	-	-	-	(3,113)	-	(8,050)	(11,163)	141,163	130,000
Appropriated from accumulated profits (unaudited)	-	-	-	-	-	3,307	-	(3,307)	-	-	-
At 30 June 2015 (unaudited)	13,054	202,799	2,127	258,722	(1,223)	172,886	(1,087)	332,815	980,093	145,405	1,125,498
At 1 January 2016 (audited)	13,061	203,214	5,862	258,722	(436)	183,931	(10,200)	328,262	982,416	148,537	1,130,953
Profit for the period (unaudited)	-	-	-	-	-	-	-	32,621	32,621	134	32,755
Exchange differences arising on translation of foreign operations (unaudited)	-	-	-	-	800	-	-	-	800	-	800
Total comprehensive income for the period (unaudited)	-	-	-	-	800	-	-	32,621	33,421	134	33,555
Contribution from minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	30,310	30,310
Appropriated from accumulated profits (unaudited)	-	-	-	-	-	9,569	-	(9,569)	-	-	-
At 30 June 2016 (unaudited)	13,061	203,214	5,862	258,722	364	193,500	(10,200)	351,314	1,015,837	178,981	1,194,818

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	(Unaudited)	
	Six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Net cash from operating activities	477,287	453,822
Net cash used in investing activities		
Purchase of property, plant and equipment	(296,213)	(163,621)
Purchase of bearer plants	(78,647)	(200,994)
Other investing activities	(20,293)	(16,601)
	(395,153)	(381,216)
Net cash from financing activities		
New bank and other borrowings raised	1,321,484	680,997
Repayment of bank and other borrowings	(1,216,698)	(732,205)
Contribution from minority shareholders of subsidiaries	30,310	130,000
Other financing activities	(64,256)	(50,580)
	70,840	28,212
Increase in cash and cash equivalents	152,974	100,818
Cash and cash equivalent at 1 January	100,260	173,690
Cash and cash equivalent at 30 June, representing bank balances and cash	253,234	274,508

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2016

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 address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, the Cayman Islands and its principal place of business in Hong Kong is located at Room B, 3/F., Eton Building, 288 Des Voeux Road Central, Hong Kong.

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

2. PREPARATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

a) Basis of preparation

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

b) Going concern

As at 30 June 2016, the Group had net current liabilities of RMB371,318,000 and net debt of RMB1,680,874,000. In preparing these condensed consolidated interim 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 30 June 2016, the Group had banking facilities with several PRC banks for providing banking facilities up to approximately RMB 2,170 million of which approximately RMB 1,614 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 RMB 485 million with banks and other parties for a period of 2 to 5 years in replacing the current short-term bank loans and developing 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 condensed consolidated interim financial statements.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2016

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 condensed consolidated interim financial statements.

c) Change in presentation of condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of cash flows

In the current period, the directors of the Company decided to change the classification of certain line items in the condensed consolidated statement of profit or loss and other comprehensive income and the condensed consolidated statement of cash flows, involving the reclassification on the condensed 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 and on the condensed 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 period 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 six months ended 30 June 2015.

The effect of change in presentation for the preceding period by line item presented in the condensed consolidated statement of profit or loss and other comprehensive income and the condensed consolidated statement of cash flows is as follows:

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2016

	Originally stated <i>RMB'000</i>	Reclassification <i>RMB'000</i>	Restated <i>RMB'000</i>
Condensed consolidated statement of profit or loss and other comprehensive income			
Revenue	569,533	(6,725)	562,808
Cost of sales	(451,975)	3,924	(448,051)
Gross profit	117,558	(2,801)	114,757
Other gains and losses	2,258	2,801	5,059
Condensed consolidated statement of cash flows			
Net cash from operating activities	352,244	101,578	453,822
Net cash used in investing activities	(279,638)	(101,578)	(381,216)

No condensed consolidated statement of financial position as at 1 January 2015 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 2015.

3. Principal accounting policies

The accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the financial year ended 31 December 2015, except for the adoption of the standards, amendments and interpretations issued by the IASB mandatory for annual periods beginning 1 January 2016. The effect of the adoption of these standards, amendments and interpretations was not material to the Group's results of operations or financial position.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2016

4. REVENUE

The following is analysis of the Group's revenue for the six months ended 30 June 2016:

	Revenue from external customers (Unaudited)	
	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Sale of fruit juice concentrate and related products	622,386	527,532
Sale of apples and other fruits	17,377	35,276
	639,763	562,808

5. SEGMENT INFORMATION

Information reported to the Company's executive directors, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's operating and reportable segments are as follows:

Fruit juice operation – Manufacture and sale of fruit juice concentrate and related products

Agriculture operation – Plantation and sale of apples and other fruits

During the six months ended 30 June 2015, the agriculture operation segment did not qualify as a reportable operating segment. However, with further expansion in the six months ended 30 June 2016, agriculture operation segment qualifies as a reportable operating segment; the comparatives have been restated.

Inter-segment sales are transacted with reference to the selling prices used for sales made to third parties at the prevailing market price.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2016

Segment information about these reportable and operating segment is presented below:

	Fruit juice operation (Unaudited)		Agriculture operation (Unaudited)		Total (Unaudited)	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000	2016 RMB'000	2015 RMB'000
Segment revenue						
– external segment revenue	622,386	527,532	17,377	35,276	639,763	562,808
– inter-segment revenue	–	–	1,217	5,982	1,217	5,982
Reportable segment revenue	622,386	527,532	18,594	41,258	640,980	568,790
Less: inter-segment revenue					(1,217)	(5,982)
Consolidated revenue					639,763	562,808
Segment results	34,664	29,197	(17,150)	3,119	17,514	32,316
Other income					77,728	44,761
Unallocated other gains and losses					3	(3)
Unallocated corporate expenses					(17,239)	(20,092)
Finance costs					(43,962)	(51,067)
Profit before tax					34,044	5,915

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment results represent the profit earned by each segment without allocation of certain items incurred for central management purpose, including finance costs, other income, certain other gains and losses and corporate expenses. This is the measure reported to the CODM for the purposes of resources allocation and assessment of segment performance.

Information of assets and liabilities for reportable and operating segments are not provided to CODM for their review. Therefore, no analysis of the Group's assets and liabilities by reportable and operating segments are presented.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2016

Geographic information

The Group's operations are mainly located in the PRC.

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

	Revenue from external customers		Non-current assets	
	(Unaudited)		(Unaudited)	(Audited)
	Six months ended 30 June	2015	30 June	31 December
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)		
North America	306,826	256,495	49	56
Asia (Other than Mainland China)	77,018	87,338	—	—
Mainland China	92,406	106,545	2,433,238	2,131,285
South Africa	103,971	99,739	—	—
Australia	9,259	11,880	—	—
Europe and Russia	50,283	811	—	—
	639,763	562,808	2,433,287	2,131,341

Information about major products

	(Unaudited)	
	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Apple juice	484,724	417,448
Other juice	117,929	120,882
Fresh fruits	17,377	22,500
Others	19,733	1,978
	639,763	562,808

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2016

6. PROFIT BEFORE TAX

	(Unaudited)	
	Six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Profit before tax has been arrived at after charging (crediting):		
Directors' emoluments	1,140	1,110
Salaries, wages and other benefits	46,797	28,456
Retirement benefits scheme contributions	9,748	6,897
Share-based payment expenses	–	–
Total staff costs	57,685	36,463
Less: staff costs capitalised into inventories	(17,545)	(15,182)
Less: staff cost capitalised into cost of bearer plant	(9,003)	(4,231)
	31,137	17,050
Prepaid lease payments	10,005	8,328
Less: prepaid lease payments capitalised into cost of bearer plants	(8,941)	(7,458)
Release of prepaid lease payments	1,064	870
Depreciation of property, plant and equipment owned assets	53,102	34,891
assets under finance lease	14,545	14,328
	67,647	49,219
Less: depreciation capitalised into cost of bearer plants	(3,765)	(1,547)
	63,882	47,672
Minimum lease payments under operating leases – premises	466	429
Depreciation of bearer plants	459	156
Cost of inventories recognised as an expense	527,511	448,051
Loss on disposal of property, plant and equipment	2,094	431
Bank interests income	(218)	(533)

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2016

7. INCOME TAX EXPENSE

	(Unaudited)	
	Six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax:		
PRC Enterprise Income tax ("EIT")	57	389
Other jurisdiction	452	17
	509	406
Deferred tax	780	273
	1,289	679

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 2015. The PRC subsidiary will need to apply for the preferential tax rate for 2016.

According to relevant EIT Law and Implementation Regulation of the EIT Law, certain subsidiaries in fruit juice operation of the Group in the PRC are exempted from EIT on profits derived from preliminary processing of agriculture products for the year ended 31 December 2015, subject to annual review by the local PRC tax authority of the Company's subsidiaries and any future changes in the relevant tax exemption policies or regulations. The PRC subsidiaries will need to apply for the exemption of EIT for 2016.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2016

According to relevant EIT Law and Implementation Regulation of the EIT Law, certain subsidiaries in agriculture operation of the Group in the PRC are exempted from EIT on profits derived from fruits cultivation for the years ended 31 December 2015, subject to annual review by the local PRC tax authority of the Company's subsidiaries and any future changes in the relevant tax exemption policies or regulations. The PRC subsidiaries will need to apply for the exemption of EIT for 2016.

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%.

8. Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: Nil).

9. Earnings per share

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

	(Unaudited)	
	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Profit for the purposes of basic and diluted earnings per share		
Profit for the period attributable to owners of the Company	32,621	3,299

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2016

	Number of shares	
	Six months ended 30 June	
	2016	2015
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,262,648,000	1,260,535,556
Effect of dilutive potential ordinary shares in respect of share options	6,850,241	10,476,008
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,269,498,241	1,271,011,564

10. Property, plant and equipment

During the period under review, the Group incurred approximately RMB317,847,000 on acquisition of property, plant and equipment.

11. BEARER PLANTS

During the period under review, the Group incurred approximately RMB48,337,000 on acquisition of bearer plants.

12. Inventories

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Raw materials	91,653	61,056
Work in progress	105,879	187,739
Finished goods	418,854	755,974
	616,386	1,004,769

13. TRADE AND OTHER RECEIVABLES

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Trade receivables	165,595	125,969
Less: allowance for doubtful debts	(5,107)	(5,107)
	160,488	120,862
Value added tax recoverable and other tax recoverable	41,609	68,468
Government grant receivable	–	8,000
Receivable from disposal of bearer plants	–	20,793
Advances to suppliers	141,049	10,206
Other receivables, deposits and prepayments	33,277	47,680
	376,423	276,009

Aging analysis

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:

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2016

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Aged:		
0-90 days	137,002	107,332
91-180 days	22,461	9,589
181-365 days	–	653
Over 1 year	1,025	3,288
	160,488	120,862

14. TRADE AND OTHER PAYABLES

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Trade payables	301,868	364,835
Payable for acquisition of property, plant and equipment	100,726	99,183
Advances from customers	18,158	3,795
Accrued salaries	11,638	11,275
Accrued interest	3,318	30,061
Value added tax and other tax payable	7,795	5,234
Other liabilities	5,734	5,734
Others payable and accruals	52,216	39,236
	501,453	559,353
Less: other liabilities – non-current portion	(5,734)	(5,734)
	495,719	553,619

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2016

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

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

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Aged:		
0-90 days	126,358	330,329
91-180 days	151,276	16,988
181-365 days	20,652	11,456
Over 1 year	3,582	6,062
	301,868	364,835

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2016

15. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Capital expenditure contracted for but not provided for in the consolidated financial statements in respect of		
– acquisition of property, plant and equipment	78,822	99,564
– acquisition of bearer plants	–	14,784
– development of cultivation sites	104,540	241,356
	183,362	355,704