

**HAISHENG**  
海升集团



**INTERIM  
REPORT**



**2018** Interim Report

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

Stock Code:359

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# Corporate Information

## Stock Code

359

## Executive Directors:

Mr. Gao Liang (*Chairman*)  
Mr. Ding Li  
Mr. Zhao Chongjun  
Mr. Wang Linsong

## Independent non-executive directors:

Mr. Zhao Boxiang  
Mr. Liu Zhongli  
Mr. Chan Bing Chung  
(*resigned on 23 May 2018*)  
Mr. Chang Xiaobo (*appointed on 23 May 2018*)

## 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*)  
(*resigned on 23 May 2018*)  
Mr. Chang Xiaobo (*Chairman*)  
(*appointed on 23 May 2018*)  
Mr. Zhao Boxiang  
Mr. Liu Zhongli

## Remuneration Committee Members

Mr. Zhao Boxiang (*Chairman*)  
Mr. Liu Zhongli  
Mr. Chan Bing Chung  
(*resigned on 23 May 2018*)  
Mr. Chang Xiaobo (*appointed on 23 May 2018*)

## Nomination Committee Members

Mr. Gao Liang (*Chairman*)  
Mr. Liu Zhongli  
Mr. Zhao Boxiang  
Mr. Chan Bing Chung  
(*resigned on 23 May 2018*)  
Mr. Chang Xiaobo (*appointed on 23 May 2018*)

## 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](http://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 2018, the Group's unaudited turnover increased from approximately RMB568.6 million to approximately RMB814.1 million, representing an increase of approximately 43.2% over the same period of last year.
- For the six months ended 30 June 2018, the Group recorded an unaudited loss attributable to owners of the Company of approximately RMB21.4 million, as against an unaudited profit attributable to owners of the Company of approximately RMB27.7 million in the same period of last year.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (2017: Nil).

# Management Discussion and Analysis

## Financial review

The Board announces that, for the six months ended 30 June 2018, the Group recorded an unaudited turnover of approximately RMB814.1 million, representing an increase of approximately 43.2% over the same period of last year. Gross profit margin for the six months ended 30 June 2018 was approximately 17.6%, as compared with 20.1% for the same period of last year. The Group has recorded an unaudited loss attributable to owners of the Company of approximately RMB21.4 million, as against an unaudited profit attributable to owners of the Company of approximately RMB27.7 million in the same period of last year.

For the period under review, turnover increased by approximately 43.2% to approximately RMB814.1 million. Such increase was mainly attributable to the increase in sales of apple juice concentrate due to its demand exceeded supply in international market (particularly, the US, Canada and European markets).

For the period under review, the gross profit margin of the Group decreased from approximately 20.1% to approximately 17.6% which was mainly attributable to the increase in foreign exchange rate of RMB against USD.

Other income increased by approximately 36.6% to approximately RMB98.2 million. Such increase was mainly attributable to the increase in government subsidies recognized during the period under review.

Distribution costs increased by approximately 111.7% to approximately RMB143.9 million during the period under review. Such increase was mainly attributable to (i) the increase in sales volume of the Group's apple juice concentrate and, in turn, the increase in freight charges; and (ii) the increase in distribution channels in wholesale markets for the sale of apples and other fruits.

Administrative expenses increased by approximately 38.4% to approximately RMB114.1 million during the period under review. The increase in administrative expenses was mainly attributable to the increase in the number of fruit agriculture bases resulting in increasing staff cost.

Finance costs of the Group amounted to approximately RMB59.1 million in the period under review, representing an increase of approximately 24.8% over the same period of last year. The increase is attributable to the increase in bank and other borrowing balance.

## Management Discussion and Analysis

As a result of the foregoing, the Group recorded an unaudited loss attributable to owners of the Company of approximately RMB21.4 million, as against an unaudited profit attributable to owners of the Company of approximately RMB27.7 million in the same period of last year.

### Liquidity, financial resources, capital structure and gearing

The treasury policy of the Group is centrally managed and controlled at the corporate level. As at 30 June 2018, the Group's bank and other borrowings, bills payable and obligations under finance leases amounted to approximately RMB2,947.0 million (as at 31 December 2017: RMB2,671.2 million), among which, approximately RMB1,784.4 million were secured by way of charge on the Group's assets. Approximately RMB1,588.2 million of the sum were due within one year and approximately RMB1,358.8 million of the sum were due within two to five years. Approximately RMB248.3 million of the sum were denominated in US dollars while approximately RMB2,698.7 million were denominated in RMB. Approximately RMB1,317.5 million of the sum were fixed-rate borrowings while approximately RMB1,629.5 million were variable-rate borrowings.

	<b>30 June 2018 RMB'000 (Unaudited)</b>	31 December 2017 RMB'000 (Audited)
Bank loans	<b>1,718,825</b>	1,669,127
Other borrowings	<b>496,250</b>	445,748
Loan from government	<b>58,558</b>	43,138
Bills payable	<b>283,250</b>	208,200
Finance lease payables	<b>390,075</b>	304,961
	<b>2,946,958</b>	2,671,174

As at 30 June 2018, the cash and bank balances including pledged bank deposits amounted to approximately RMB465.7 million (as at 31 December 2017: RMB287.8 million).

## Management Discussion and Analysis

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 2018, the gearing ratio was 155.5% (as at 31 December 2017: 157.8%).

### Decrease in ownership interest in a subsidiary without loss of control

On 29 December 2017, 陝西超越農業有限公司 (Shaanxi Chaoyue Agriculture Company Limited\*) (“Shaanxi Chaoyue”), a non-wholly owned subsidiary of the Company, entered into an investment agreement (the “Agreement I”) with 洛寧超越農業有限公司 (“Luoning Chaoyue”) and 中央企業貧困地區河南產業投資基金 (“河南產業投資基金”), an independent third party at the time of the Agreement I, to inject an additional capital of RMB70,000,000 into Luoning Chaoyue, a wholly-owned subsidiary of Shaanxi Chaoyue. Pursuant to the Agreement I, Shaanxi Chaoyue and 河南產業投資基金 shall contribute additional capital of RMB20,000,000 and RMB50,000,000 respectively. The capital injection was completed on 3 January 2018 and the Group’s equity interest in Luoning Chaoyue was diluted to approximately 57.2%.

### Formation of non-wholly owned subsidiaries

On 5 March 2018, 昭通海升現代農業有限公司 (Zhaotong Haisheng Modern Agriculture Company Limited\*) (“Zhaotong Haisheng”), a non-wholly owned subsidiary of the Group, entered into a joint venture agreement with 昭通市昭陽區農業投資發展有限公司 (“Zhaoyang Agriculture”) pursuant to which Zhaotong Haisheng and Zhaoyang Agriculture have agreed to establish a company in the PRC (the “JV Company I”) with a registered capital of RMB110,000,000 and each of Zhaotong Haisheng and Zhaoyang Agriculture has agreed to contribute to the registered capital of the JV Company I at RMB77,000,000 and RMB33,000,000, respectively. Upon the completion of the capital contributions, the JV Company I will be owned as to 70% and 30% by Zhaotong Haisheng and Zhaoyang Agriculture respectively.

## Management Discussion and Analysis

On 9 March 2018, Shaanxi Chaoyue, a non-wholly owned subsidiary of the Company, entered into a joint venture agreement (the “Agreement II”) with 東台三倉潤農現代農業產業園發展有限公司 (“Runnong Modern Agriculture”), an independent third party at the time of the Agreement II, pursuant to which Shaanxi Chaoyue and Runnong Modern Agriculture have agreed to establish a company in the PRC (the “JV Company II”) with a registered capital of RMB50,000,000 and each of Shaanxi Chaoyue and Runnong Modern Agriculture has agreed to contribute to the registered capital of the JV Company II at RMB25,500,000 and RMB24,500,000, respectively. Upon the completion of the capital contributions, the JV Company II will be owned as to 51% and 49% by Shaanxi Chaoyue and Runnong Modern Agriculture respectively.

### Capital commitments

As at 30 June 2018 the Group has approximately RMB493.6 million capital commitments (as at 31 December 2017: RMB287.7 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 2018, 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 amount of approximately RMB1,761.3 million (as at 31 December 2017: RMB1,784.4 million).

### Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2018.



# Management Discussion and Analysis

## Business review

### Juice Concentrate and By-Product Processing, food and beverage

In January to June 2018, as there was serious underproduction of apple in Europe in 2017, the supply of PRC's apple juice could not meet demand continuously. The Group took this opportunity to develop its market actively and increased sales effort. The volume of apple juice shipped by the Group increased 39.17% in the first half of the year as compared with the same period of last year, which placed the Group in a leading position in the industry for apple juice export. The Group's market shares in the US, Canada, Europe, Australia and New Zealand increased significantly. In addition to actively exporting apple juice, the Company constantly developed new products and adjusted its product mix. New products included organic apple juice, citrus pectin etc. The mass production of citrus pectin signified the success of the Group's entering the mainstream pectin market, satisfying the pectin demand of more customers and expanding into a wider market space.

Regarding food and beverage products, the Group continued to deepen the development of end-user markets downstream with focus on promoting the sales of the "Eden View" series of high-end bottled juice in the domestic market. Continuous progress was made in customer diversification and the Group secured strategic cooperation with high-end dining, bakery and major cinema chains. On the heel of realizing mass production by Edenvue Food Co., Ltd. in Qianyang, Baoji City, the Group actively promoted the research and development of To C-terminal products and successively developed new types of products such as freeze-dried, cereal oatmeal, juice puree and lactic acid bacteria beverage, which enriched its product lines.

During the reporting period, the Group completed the registrations of the following patents:

## Management Discussion and Analysis

Bottle (authorised) Patent No.: 201730499637.4

Probiotic freeze-dried pieces and its preparation technology and instant fruit and cereal oatmeal based on such freeze-dried pieces and its preparation technology (accepted) Patent No.: 201711158674.4

Lactic acid bacteria fruit beverage and its preparation technology (authorised) Patent No.: 201510375190.X

### Modernised agriculture

After the development in recent years, the modernized agriculture segment of the Group has built up a product mix comprising temperate fruit products as well as tropical fruits, berries, vegetables, candy tomatoes and other products. The segment had set up a number of business departments for various businesses. Through integrating advanced agricultural technology and outstanding talents, the Group has developed business along the whole industrial chain from breeding and nursery to standardized planting, brand sales, etc.

In temperate fruits business, the Group focused on technology certification application. As at the end of June 2018, nearly 30% of its fields obtained GAP certification, one additional plantation base obtained organic certification and 4 were in conversion period; three trademarks have been registered, namely “紅鑽嘎啦” (No. 24057129), “精靈嘎啦” (No. 24057158), “粉脆優系” (No. 24057090); and Tongchuan Haisheng obtained the qualification for Public Quarantine Nurseries Specified to Introduce Exotic Plants (普及型國外引種試種苗圃) accredited by the State Forestry Administration.

As for tropical fruits, as at the end of June 2018, the Group newly established 4 plantation bases in regions favourable for citruses such as Sichuan and Chongqing. Meanwhile, the Group constructed a high-standard virus-free citrus seedling breeding center in Jingxi, Guangxi Province. In the construction and operation of orchard, the Group established the technical process for standardised operation of citrus orchard including liquid fertilizer, gardening and plantation. The Group also commenced project on the issues of prevention and control of Huanglongbing disease and implemented unified prevention and control in the bases through techniques such as planting windbreak and installing insect mesh.

## Management Discussion and Analysis

As for berries plantation, as at the end of June 2018, the Group introduced two and three new varieties of blue berry and black berry respectively and their harvesting is expected to begin in 2018. The standardised operation of the blue berry base in Pingchang County, Sichuan Province signifies that fresh blue berry has become a new “business card” for the fruits of Haisheng. The proportional sales of branded strawberry of the Company continued to increase with the quantity of branded fruit in some bases increased by over 100% as compared with the same period of last year. As for the sales of strawberry seedling, the total seedling quantity of the Company increased significantly and the rate of commercialization sharply increased.

As for agricultural facilities, the number of high-end greenhouses operated by the Group has increased to two and another two are under construction. Currently, the strawberry glass greenhouse in Tongchuan is actively preparing for operation of the next production season. It seeks to secure an all-year-round supply of prime strawberry produce, which is more safe and better in quality, for consumers through variety optimisation, technical improvement and strengthening of the technical team. The candy tomato glass greenhouse in Pingliang continued to maintain good production operation under the Global Good Agricultural Practices (Global GAP) system and obtained the Germany award of “Tomato Inspiration Award Winner 2018”.

As for vegetables, in the area of production management, the technical procedures for baby carrot cultivation have been further improved with the quality of raw material and processing yield significantly enhanced. Trial cultivation was made with new varieties of carrots as well as with new high value-added rotation crops such as fruit and corn.

As for the marketing of perishable products, the Group continued to invest in the establishment of channels. With regard to online, the Group established a nation-wide 3D sales network mainly based on online platforms. With regard to offline, leveraging on the full coverage of offline distributor channels, hypermarkets, national and regional fruit chain stores, wholesale markets and bakeries, the Group established a complete sales system with five sales regions in Northern China, Eastern China, Southern China, Northwest and Southwest extending nationwide and matching with e-commerce companies. During the reporting period, the Group forged long-term strategic nation-wide cooperation with renowned domestic perishable product enterprises, and successfully settled in emerging chain experience store of perishable product industry, such as Alibaba’s Hema Store and JD “7Fresh”. The Group also established a complete brand presence and enhanced brand awareness through brand marketing, exhibition and promotion, on-line publicity and media coverage which provided strong support for product sales.

## Management Discussion and Analysis

### Prospect

In the second half of 2018, in view of the tight demand of pectin and the “Eden View” bottled juice in the existing market and in addition to consolidating the traditional processing business, the Group will constantly develop new product lines to enhance profitability of the processing segment. Meanwhile, the Group will expand production capacity of competitive products of the processing segment, increase marketing effort for relevant products and pursue innovation to seek sustaining enhancement in the profitability of the segment.

In the future, the Group will continue to seek expansion in the international market, optimise team structure, increase technical and skill training for staff, and continuously improve product quality and management standards of the Group. With regard to channel expansion, the Group expects to continue to expand sales channels for perishable products and at the same time increase the scale of online and offline sales, continuously seek for special channel and chain channel based on the original channels. The Group will continuously enhance the market awareness of its products, increase market share, integrate domestic and overseas resources, seek opportunity for the export of perishable products, so as to maximise the product value, brand value and market value.

# Directors' Report

## Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (2017: 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 at 30 June 2018.

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

As at 30 June 2018, 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 <sup>(Note 1)</sup>	35.59%
		Interest of spouse	5,424,660 Shares <sup>(Note 2)</sup>	0.42%
		Beneficial owner	8,600,000 Shares <sup>(Note 3)</sup>	0.67%
			473,085,898 Shares	36.68%

## Directors' Report

Name	Name of the company	Capacity	Number and class of securities directly or indirectly held	Approximate percentage of shareholding
Mr. Ding Li	The Company	Beneficial owner	2,124,000 Shares <sup>(Note 3)</sup>	0.16%
Mr. Zhao Chungjun	The Company	Beneficial owner	1,152,000 Shares <sup>(Note 4)</sup>	0.09%
Mr. Wang Linsong	The Company	Beneficial owner	400,000 Shares <sup>(Note 4)</sup>	0.03%

### Notes:

- As at 30 June 2018, 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.
- As at 30 June 2018, the 5,424,660 shares (of which 700,000 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 5,424,660 Shares held by Ms. Xie Haiyan.
- Among the 2,124,000 Shares, 1,152,000 Shares are the underlying shares granted under the share option scheme of the Company.
- The shares are the underlying shares granted under the share option scheme of the Company.
- The percentage was compiled based on the total number of issued shares of the Company as at 30 June 2018 (i.e. 1,289,788,000 ordinary shares).

Save as disclosed above, as at 30 June 2018, 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.

## Directors' Report

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

As at 30 June 2018, 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	467,661,238 Shares <sup>(Note 1)</sup>	36.26%
		Beneficial owner	5,424,660 Shares <sup>(Note 2)</sup>	0.42%
			<hr/> 473,085,898 Shares <hr/>	<hr/> 36.68% <hr/>
Think Honour	The Company	Beneficial owner	459,061,238 Shares <sup>(Note 3)</sup>	35.59%
Tiandi Yihao Beverage Co., Ltd.	The Company	Interest of controlled corporation	227,996,000 Shares <sup>(Note 4)</sup>	17.68%
Shenzhen Tiandi Win-Win Investment Management Co., Limited	The Company	Interest of controlled corporation	227,996,000 Shares <sup>(Note 4)</sup>	17.68%
Tiandi Win-Win Investment Management Co., Limited	The Company	Beneficial owner	227,996,000 Shares <sup>(Note 4)</sup>	17.68%

### *Notes:*

1. Ms. Xie Haiyan is the spouse of Mr. Gao Liang. Ms. Xie Haiyan is deemed to be interested in the 467,661,238 shares in which Mr. Gao Liang is deemed to be interested by virtue of the SFO.
2. Among the 5,424,660 Shares, 700,000 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.
5. The percentage was compiled based on the total number of issued shares of the Company as at 31 December 2017 (i.e. 1,289,788,000 ordinary shares).

Save as disclosed above, as at 30 June 2018, 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 2018, The Company has complied, saved for the deviations discussed below, with the principles and provisions as set out in the code provisions contained in the Corporate Governance Code (which is set out in the Appendix 14 of the Listing Rules) by establishing formal and transparent procedures to protect and maximise the interests of shareholders of the Company during the period under review.



## Directors' Report

Code Provision A.2.1 providing for the roles of the chairman and chief executive officer (or chief executive) to be performed by different individuals (the “First Deviation”). 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. Code Provision A.6.7 (the “Second Deviation”) providing for the independent non-executive directors (“INED(s)”) of the Company, inter alia, attend general meetings. 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 (the “AGM”) and to invite the chairman of audit, remuneration and nomination committees to attend. Regarding the Second Deviation and the Third Deviation, the Chairman and two INEDs, namely Mr. Zhao Boxiang (chairman of remuneration committee), Mr. Liu Zhongli and Mr. Chang Xiaobo (chairman of audit committee) (appointed on 23 May 2018), were absent from the last annual general meeting of the Company held on 28 May 2018 due to their other important engagements at the relevant time.

### 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.

### Events After the Reporting Period

On 3 July 2018, Runnong Modern Agriculture, Shaanxi Chaoyue and the JV Company II entered into the capital increase agreement (“Capital Increase Agreement”) pursuant to which the registered capital will be increased from RMB50 million to RMB204.08 million. Shaanxi Chaoyue and Runnong Modern Agriculture have conditionally agreed to make additional capital contributions of RMB78.5808 million and RMB75.4992 million in cash, respectively, to the registered capital of the JV Company II in proportion to their respective holding of equity interests in the JV Company II as at 3 July 2018. Upon completion of the proposed capital increase of an aggregate of RMB154.08 million in cash to the registered capital of the JV Company II by Shaanxi Chaoyue and Runnong Modern Agriculture as contemplated under the Capital Increase Agreement, the holding of equity interests in the JV Company II by Runnong Modern Agriculture and Shaanxi Chaoyue shall remain unchanged. The Capital Increase Agreement and the transactions contemplated thereunder were approved by the shareholders of the Company at the extraordinary general meeting held on 15 August 2018.

On 30 August 2018, Chongxin County Haiyue Agriculture Company Limited (崇信縣海越農業有限公司) (“Chongxin Haiyue”), a non wholly-owned subsidiary of the Company entered into a joint venture agreement (“Agreement III”) with Chongxin County Agriculture Industry Investment and Development Company Limited (崇信縣農業產業投資開發有限責任公司) (“Chongxin Agriculture”), pursuant to which Chongxin Haiyue and Chongxin Agriculture have agreed to establish the JV Company III with a registered capital of RMB72.00 million and each of Chongxin Haiyue and Chongxin Agriculture has agreed to contribute to the registered capital of the JV Company III at RMB37.44 million and RMB34.56 million, respectively. Upon the completion of the capital contributions, the JV Company III will be owned as to 52% and 48% by Chongxin Haiyue and Chongxin Agriculture respectively.

On 30 August 2018, Shaanxi Chaoyue entered into a joint venture agreement with Pingliang City Huinong Investment and Development Company Limited (平涼市崆峒惠農投資發展有限責任公司) (“Kongdong Huinong”), pursuant to which Shaanxi Chaoyue and Kongdong Huinong have agreed to establish the JV Company IV with a registered capital of RMB54.00 million and each of Shaanxi Chaoyue and Kongdong Huinong has agreed to contribute to the registered capital of the JV Company IV at RMB28.08 million and RMB25.92 million, respectively. Upon the completion of the capital contributions, the JV Company IV will be owned as to 52% and 48% by Shaanxi Chaoyue and Kongdong Huinong respectively.

# Directors' Report

## REVIEW OF RESULTS

The unaudited interim results for the six months ended 30 June 2018 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, 2018

# Condensed Consolidated Statement of Income or Loss and Other Comprehensive Income

For the six months ended 30 June 2018

		<b>(Unaudited)</b>	
		<b>Six months ended 30 June</b>	
		<b>2018</b>	<b>2017</b>
	NOTES	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	4	<b>814,138</b>	568,596
Cost of sales		<b>(670,605)</b>	(454,117)
Gross profit		<b>143,533</b>	114,479
Other income		<b>98,161</b>	71,858
Other gain and loss		<b>53,616</b>	50,957
Distribution and selling expenses		<b>(143,851)</b>	(67,950)
Administrative expenses		<b>(114,086)</b>	(82,438)
Other operating expenses		<b>(1,134)</b>	(2,651)
Finance costs		<b>(59,078)</b>	(47,336)
Share of results of an associate		<b>(1,209)</b>	(1,807)
(Loss)/profit before taxation		<b>(24,048)</b>	35,112
Taxation	6	<b>(8,930)</b>	(4,170)
(Loss)/profit for the period	7	<b>(32,978)</b>	30,942
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		<b>227</b>	(146)
Other comprehensive income/(expense) for the period		<b>227</b>	(146)
Total comprehensive (expense)/income for the period		<b>(32,751)</b>	30,796

# Condensed Consolidated Statement of Income or Loss and Other Comprehensive Income

For the six months ended 30 June 2018

		(Unaudited)	
		Six months ended 30 June	
		2018	2017
	NOTES	<i>RMB'000</i>	<i>RMB'000</i>
<hr/>			
(Loss)/profit for the period attributable to:			
Owners of the Company		(21,445)	27,659
Non-controlling interests		(11,533)	3,283
		<hr/>	
		(32,978)	30,942
		<hr/>	
Total comprehensive (expense)/income attributable to:			
Owners of the Company		(21,218)	27,513
Non-controlling interests		(11,533)	3,283
		<hr/>	
		(32,751)	30,796
		<hr/>	
Dividends	8	–	–
		<hr/>	
(Loss)/earnings per share (RMB cents)			
Basic	9	(1.66) cents	2.18 cents
		<hr/>	
Diluted	9	(1.66) cents	2.17 cents
		<hr/>	

# Condensed Consolidated Statement of Financial Position

At 30 June 2018

		<b>30 June 2018 (Unaudited) RMB'000</b>	31 December 2017 (Audited) RMB'000
	NOTES		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	2,692,751	2,394,742
Prepaid land lease payments		90,880	122,631
Bearer plants	11	1,075,849	933,491
Investment in an associate		8,178	9,387
Prepayments for acquisition of bearer plants		33,315	17,464
Deposits for acquisition of property, plant and equipment		46,537	29,123
<b>Total non-current assets</b>		<b>3,947,510</b>	3,506,838
<b>CURRENT ASSETS</b>			
Prepaid land lease payments		25,798	18,564
Biological assets		31,775	32,611
Inventories	12	689,427	1,110,670
Trade and other receivables	13	548,877	398,973
Amounts due from related companies		164	164
Pledged bank deposits		199,515	120,168
Bank balances and cash		266,191	167,560
<b>Total current assets</b>		<b>1,761,747</b>	1,848,710
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	1,031,917	1,000,773
Bills payables		283,250	208,200
Current tax liabilities		283	68
Dividend payable to non-controlling shareholders of a subsidiary		63	63
Bank and other borrowings		1,155,877	1,438,768
Finance lease payables		149,028	116,571
Deferred government grants		3,531	4,671
<b>Total current liabilities</b>		<b>2,623,949</b>	2,769,114

# Condensed Consolidated Statement of Financial Position

At 30 June 2018

	30 June 2018 (Unaudited) <i>RMB'000</i>	31 December 2017 (Audited) <i>RMB'000</i>
NOTES		
<b>Net current liabilities</b>	<b>(862,202)</b>	(920,404)
<b>Total assets less current liabilities</b>	<b>3,085,308</b>	2,586,434
<b>NON-CURRENT LIABILITIES</b>		
Other liabilities	12,877	20,462
Bank and other borrowings	1,117,756	719,245
Finance lease payables	241,047	188,390
Deferred government grants	95,853	125,621
Deferred tax liabilities	22,119	22,119
<b>Total non-current liabilities</b>	<b>1,489,652</b>	1,075,837
<b>NET ASSETS</b>	<b>1,595,656</b>	1,510,597
<b>CAPITAL AND RESERVES</b>		
Equity attributable to owners of the Company		
Share capital	13,296	13,296
Reserves	1,122,680	1,143,898
	<b>1,135,976</b>	1,157,194
Non-controlling interests	459,680	353,403
<b>TOTAL EQUITY</b>	<b>1,595,656</b>	1,510,597

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018

	Attributable to Owners of the Company								Non-controlling interests		
	Share Capital	Share premium	Share option reserve	Special reserve	Translation reserve	Statutory surplus reserve	Other reserve	Retained profits	Total	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2017 (audited)	13,061	203,214	7,160	258,722	(42)	191,756	(9,128)	347,516	1,012,259	208,858	1,221,117
Profit for the period (unaudited)	-	-	-	-	-	-	-	27,659	27,659	3,283	30,942
Exchange differences arising on translation of foreign operations (unaudited)	-	-	-	-	(146)	-	-	-	(146)	-	(146)
Total comprehensive income/ (expense) for the period (unaudited)	-	-	-	-	(146)	-	-	27,659	27,513	3,283	30,796
Shares issued under share option scheme	73	2,991	(654)	-	-	-	-	-	2,410	-	2,410
Contribution from minority shareholder of a subsidiary (unaudited)	-	-	-	-	-	-	-	-	79,700	-	79,700
Appropriated from accumulated profits (unaudited)	-	-	-	-	-	5,168	-	(5,168)	-	-	-
At 30 June 2017 (unaudited)	13,134	206,205	6,506	258,722	(188)	196,924	(9,128)	370,007	1,042,182	291,841	1,334,023
At 1 January 2018 (audited)	13,296	212,838	4,352	258,722	(622)	196,683	(16,488)	488,413	1,157,194	353,403	1,510,597
Loss for the period (unaudited)	-	-	-	-	-	-	-	(21,445)	(21,445)	(11,533)	(32,978)
Exchange differences arising on translation of foreign operations (unaudited)	-	-	-	-	227	-	-	-	227	-	227
Total comprehensive income/ (expense) for the period (unaudited)	-	-	-	-	227	-	-	(21,445)	(21,218)	(11,533)	(32,751)
Contribution from minority shareholder of subsidiaries (unaudited)	-	-	-	-	-	-	-	-	-	117,810	117,810
Appropriated from accumulated profits (unaudited)	-	-	-	-	-	5,900	-	(5,900)	-	-	-
At 30 June 2018 (unaudited)	13,296	212,838	4,352	258,722	(395)	202,583	(16,488)	461,068	1,135,976	459,680	1,595,656



# Condensed Consolidated Statement of Cash Flow

For the six months ended 30 June 2018

	(Unaudited)	
	Six months ended 30 June	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash generated from operating activities	<b>457,608</b>	76,738
Net cash used in investing activities		
Purchases of property, plant and equipment	<b>(361,891)</b>	(220,097)
Purchases of bearer plants	<b>(139,254)</b>	(141,048)
Purchases of prepaid land lease payments	<b>(29,530)</b>	(10,266)
(Increase)/decrease in pledged bank deposits	<b>(79,347)</b>	79,573
Other investing activities	<b>739</b>	(4,267)
	<b>(609,283)</b>	(296,105)
Net cash generated from financing activities		
New bank and other borrowings raised	<b>1,041,986</b>	1,227,178
Repayment of bank and other borrowings	<b>(926,366)</b>	(974,709)
Capital contributions from non-controlling interests	<b>117,810</b>	79,700
Other financing activities	<b>16,876</b>	15,192
	<b>250,306</b>	347,361
Increase in cash and cash equivalents	<b>98,631</b>	127,994
Cash and cash equivalent at 1 January	<b>167,560</b>	180,941
Cash and cash equivalent at 30 June, representing bank balances and cash	<b>266,191</b>	308,935

## 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 2018, the Group had net current liabilities of RMB862,202,000. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in normal course of business.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

The Group continues to adopt the going concern basis in preparing its consolidated financial statements. The Group meets its day-to-day working capital requirements through its bank facilities. Most of bank borrowings as at 30 June 2018 that are repayable within the next 12 months are subject to renewal and the directors are confident that these borrowings can be renewed upon expiration based on the Group's past experience and credit history.

The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the Group's products; and (b) the availability of bank finance for the foreseeable future. In order to strengthen the Group's liquidity in the foreseeable future, the Group has taken the following measures:

- i. negotiating with banks in advance for renewal and obtaining new banking facilities;
- ii. the directors of the Company have been taking various cost control measures to tighten the costs of operations; and
- iii. the Group has been implementing various strategies to enhance the Group's revenue and profitability.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

## 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 2017, except for the adoption of the standards, amendments and interpretations issued by the IASB mandatory for annual periods beginning 1 January 2018. The effect of the adoption of these standards, amendments and interpretations was not material to the Group's results of operations or financial position.

## 4. REVENUE

The following is analysis of the Group's revenue for the six months ended 30 June 2018:

	<b>Revenue from external customers</b>	
	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2018</b>	2017
	<b>RMB'000</b>	<b>RMB'000</b>
Sale of fruit juice concentrate and related products	<b>747,320</b>	535,404
Sale of apples and other fruits	<b>66,818</b>	33,192
	<b>814,138</b>	568,596

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

## 5. SEGMENT INFORMATION

The Group has two operating segments 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

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profits or losses do not include other income, share of loss of an associate, unallocated other gains and losses, administrative expenses, finance costs and income tax expense.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

Information about operating segment profit or loss:

	Fruit juice operation		Agriculture operation		Total	
	(Unaudited)		(Unaudited)		(Unaudited)	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue						
Revenue from external customers	747,320	535,404	66,818	33,192	814,138	568,596
Intersegment revenue			518	667	518	667
Reportable segment revenue	747,320	535,404	67,336	33,859	814,656	569,263
Less: intersegment revenue					(518)	(667)
Consolidated revenue					814,138	568,596
Segment results	25,849	54,485	(58,484)	(21,103)	(32,635)	33,382
Other income					98,161	71,858
Share of loss of an associate					(1,209)	(1,807)
Unallocated amounts:						
Other gains and losses					-	(4)
Administrative expenses					(29,287)	(20,981)
Finance costs					(59,078)	(47,336)
Consolidated (loss)/profit before tax					(24,048)	35,112

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

## Geographical information:

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

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

	Revenue from external customers		Non-current assets	
	(Unaudited)		(Unaudited)	(audited)
	Six months ended 30 June		30 June	31 December
	2018	2017	2018	2017
	RMB'000	RMB'000	RMB'000	RMB'000
United States of America (the "USA")	309,440	178,582	429	200
Canada	66,398	32,124		
PRC	230,895	197,044	3,947,081	3,506,638
South Africa	31,529	20,326		
Saudi Arabia	4,515	15,130		
Japan	40,325	44,240		
Australia	22,389	26,895		
Russia	64,778	23,504		
Others	43,869	30,751		
	814,138	568,596	3,947,510	3,506,838

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

## Information about major products:

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2018</b>	<b>2017</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Apple juice	<b>573,309</b>	359,965
Other juice	<b>137,337</b>	149,255
Fresh fruits	<b>66,818</b>	33,192
Others	<b>36,674</b>	26,184
	<b>814,138</b>	568,596

Information of assets and liabilities for operating segments are not provided to the Company's directors, being the chief operating decision maker, for their review. Therefore, no analysis of the Group's assets and liabilities by operating segments are presented.



# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

## 6. INCOME TAX EXPENSE

	(Unaudited)	
	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Current tax		
PRC Enterprise Income tax ("EIT")	8,637	2,958
Other jurisdiction	293	556
	8,930	3,514
Deferred tax	–	656
	8,930	4,170

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, the PRC subsidiaries enjoy a preferential tax rate of 15% for 2016 and 2017. The PRC subsidiaries need to apply for the preferential tax rate every year. The PRC subsidiaries will need to apply for the preferential tax rate for 2018.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

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 years ended 31 December 2016 and 2017, 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 2018.

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 2016 and 2017, 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 2018.

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%.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

## 7. (LOSS) PROFIT FOR THE PERIOD

(Loss) profit for the period has been arrived at after charging (crediting):

	(Unaudited)	
	Six months ended 30 June	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Directors' emoluments	1,185	1,183
Salaries, wages and other benefits	145,555	94,646
Retirement benefits scheme contributions	19,771	19,197
Share-based payment expenses	–	–
Total staff costs	166,511	115,026
Less: staff costs capitalised into inventories	(20,442)	(26,285)
Less: staff cost capitalised into cost of bearer plant	(23,133)	(21,389)
	122,936	67,352
Amortisation of prepaid land lease payments	54,047	38,235
Less: amount capitalised into cost of bearer plants/biological assets	(51,869)	(36,933)
	2,178	1,302
Depreciation of property, plant and equipment		
– owned assets	39,908	46,618
– assets under finance lease	9,854	15,404
	49,762	62,022
Less: amount capitalised into cost of bearer plants	(14,981)	(6,014)
	34,781	56,008
Operating lease charges for land and buildings	3,541	2,493
Depreciation of bearer plants	1,257	1,117
Cost of inventories sold	670,605	454,117
Loss on disposals of property, plant and equipment	137	1,740

## 8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (2017: Nil).

## 9. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share is based on the following:

	(Unaudited)	
	Six months ended 30 June	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
<hr/>		
<b>(Loss)/Earnings</b>		
(Loss)/earnings for the purpose of calculating basic and diluted (loss)/earnings per share	<b>(21,445)</b>	27,659
	<hr/>	

### Number of shares

	Six months ended 30 June	
	2018	2017
<hr/>		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<b>1,289,788,000</b>	1,271,064,000
Effect of dilutive potential ordinary shares arising from share options issued by the Company	–	5,467,965
	<hr/>	
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share	<b>1,289,788,000</b>	1,276,531,965
	<hr/>	

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

## 10. PROPERTY, PLANT AND EQUIPMENT

During the period under review, the Group incurred approximately RMB361,891,000 on acquisition of property, plant and equipment.

## 11. BEARER PLANTS

During the period under review, the Group incurred approximately RMB139,254,000 on acquisition of bearer plants.

## 12. INVENTORIES

	<b>30 June 2018 RMB'000 (Unaudited)</b>	31 December 2017 RMB'000 (audited)
Raw materials and consumables	<b>113,409</b>	132,710
Work in progress	<b>101,243</b>	180,356
Finished goods	<b>474,775</b>	797,604
	<b>689,427</b>	1,110,670

**13. TRADE AND OTHER RECEIVABLES**

	<b>30 June 2018 RMB'000 (Unaudited)</b>	31 December 2017 RMB'000 (audited)
Trade receivables	<b>255,546</b>	223,403
Less: allowance for doubtful debts	<b>(7,158)</b>	(7,158)
	<b>248,388</b>	216,245
Value added tax recoverable and other tax recoverable	<b>44,568</b>	71,242
Receivable from disposal of saplings	–	12,863
Advances to suppliers	<b>83,827</b>	15,893
Bills receivable	<b>3,918</b>	1,424
Other receivables, deposits and prepayments	<b>168,176</b>	81,306
	<b>548,877</b>	398,973

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 90 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	<b>30 June</b>	31 December
	<b>2018</b>	2017
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(audited)
0 to 90 days	<b>225,789</b>	206,473
91-180 days	<b>9,348</b>	6,164
181 to 365 days	<b>11,417</b>	1,916
Over 1 year	<b>1,834</b>	1,692
	<b>248,388</b>	216,245

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

## 14. TRADE AND OTHER PAYABLES

	<b>30 June 2018 RMB'000 (Unaudited)</b>	31 December 2017 RMB'000 (audited)
Trade payables	<b>538,621</b>	693,768
Payable for acquisition of property, plant and equipment	<b>103,878</b>	148,806
Advances from customers	<b>49,335</b>	17,533
Accrued salaries	<b>28,302</b>	20,027
Accrued interest	<b>6,176</b>	5,717
Value added tax and other tax payables	<b>6,310</b>	6,848
Other liabilities	<b>12,877</b>	20,462
Other payables and accruals	<b>299,295</b>	108,074
	<b>1,044,794</b>	1,021,235
Less: other liabilities-non-current portion	<b>(12,877)</b>	(20,462)
	<b>1,031,917</b>	1,000,773



# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

The Group is allowed a credit period ranged from 90 to 180 days from its suppliers. The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	<b>30 June</b> <b>2018</b> <i>RMB'000</i> <b>(Unaudited)</b>	31 December 2017 <i>RMB'000</i> (audited)
0 to 90 days	<b>233,534</b>	504,340
91-180 days	<b>108,323</b>	109,263
181 to 365 days	<b>167,758</b>	43,696
Over 1 year	<b>29,006</b>	36,469
	<b>538,621</b>	693,768

## 15. CAPITAL COMMITMENTS

Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:

	<b>30 June</b> <b>2018</b> <i>RMB'000</i> <b>(Unaudited)</b>	31 December 2017 <i>RMB'000</i> (audited)
Property, plant and equipment	<b>461,072</b>	255,535
Bearer plants	<b>3,157</b>	2,764
Capital contribution to an associate	<b>29,400</b>	29,400
	<b>493,629</b>	287,699