2020

ANNUAL REPORT

海升集團 2020 Annual Report

HAISHENG

中国海升果汁控股有限公司

China Haisheng Juice Holdings Co.,Ltd.

Stock Code:359

SO FRESH 2020

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

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Corporate Information

STOCK CODE
359

EXECUTIVE DIRECTORS
Mr. Gao Liang *(Chairman)*
Mr. Wang Junqing
Mr. Wang Yasen
Mr. Wang Linsong *(resigned on 4 February 2021)*
Mr. Qu Binglian *(appointed on 5 February 2021)*

INDEPENDENT NON-EXECUTIVE DIRECTORS
Ms. Huang Liqiong
Mr. Zhao Boxiang
Mr. Liu Zhongli

COMPANY SECRETARY
Mr. Terence Sin Yuen Ko, FCCA

AUTHORISED REPRESENTATIVES
Mr. Gao Liang
Mr. Terence Sin Yuen Ko, FCCA

AUDIT COMMITTEE MEMBERS
Ms. Huang Liqiong *(Chairperson)*
Mr. Zhao Boxiang
Mr. Liu Zhongli

REMUNERATION COMMITTEE MEMBERS
Mr. Zhao Boxiang *(Chairman)*
Ms. Huang Liqiong
Mr. Liu Zhongli

NOMINATION COMMITTEE MEMBERS
Mr. Gao Liang *(Chairman)*
Ms. Huang Liqiong
Mr. Zhao Boxiang
Mr. Liu Zhongli

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Financial Highlights

	As at 31 December				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets and Liabilities					
Non-current assets	**9,108,859**	7,142,093	4,543,163	3,506,838	2,872,696
Net current liabilities	**(2,436,014)**	(1,735,684)	(1,128,298)	(920,404)	(522,597)
Non-current liabilities	**(4,481,448)**	(3,411,069)	(1,594,154)	(1,075,837)	(1,128,982)
	2,191,397	1,995,340	1,820,711	1,510,597	1,221,117
Share capital	**13,296**	13,296	13,296	13,296	13,061
Reserves	**1,004,709**	1,162,422	1,226,968	1,143,898	999,198
Equity attributable to owners of the Company	**1,018,005**	1,175,718	1,240,264	1,157,194	1,012,259
Non-controlling interests	**1,173,392**	819,622	580,447	353,403	208,858
Total equity	**2,191,397**	1,995,340	1,820,711	1,510,597	1,221,117

	For the year ended 31 December				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Operating results					
Revenue	**1,195,126**	1,231,571	1,752,807	1,382,676	1,127,434
(Loss)/profit before tax	**(100,188)**	(13,456)	93,512	188,639	47,883
Income tax (expense)/credit	**(7,331)**	(9,455)	(15,726)	(12,479)	25
(Loss)/profit for the year	**(107,519)**	(22,911)	77,786	176,160	47,908
(Loss)/profit for the year attributable to:					
Owners of the Company	**(156,825)**	(64,591)	79,686	145,125	26,825
Non-controlling interests	**49,306**	41,680	(1,900)	31,035	21,083
	(107,519)	(22,911)	77,786	176,160	47,908

Chairman's Statement

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

Dear shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of China Haisheng Juice Holdings Co., Ltd. ("Haisheng Juice" or the "Company") and its subsidiaries (collectively, the "Group"), I am pleased to report the consolidated results of the Company for the year ended 31 December 2020.

The Group recorded revenue of approximately RMB1,195.1 million for the year ended 31 December 2020, representing a decrease of 3.0% over last year. Loss attributable to owners of the Company was approximately RMB156.8 million, and basic and diluted losses per share amounted to approximately RMB12.16 cents and RMB12.16 cents respectively.

Looking back at 2020, the Group continued to uphold the belief of technology driving the growth of real economy. Through the introduction and absorption of advanced production and management technologies, high-quality sapling and germplasm resources, the Group actively adjusted its business layout and upgraded its industrial strategy by combining its own service advantages. However, the unprecedented outbreak of COVID-19 pandemic brought a significant impact to the domestic and international sales of juice concentrates, the delay in the resumption of work and production and a shortage of transportation capacity made it difficult to ship and fulfill the orders from customers. As the COVID-19 pandemic spread globally during the latter part of the year, the demand for juice concentrates in overseas markets dropped and the sales of juice concentrates declined significantly. However, under such severe circumstances, the Group still actively explored the domestic market, vigorously developed end-sale products and enriched product categories and expanded domestic sales channels to meet the consumption needs of different groups.

2020 was a year of milestone significance in respect of the modernised agriculture of the Group. Although the overall prices in the domestic fresh fruits and vegetables market was relatively low due to the impact of the pandemic, the quality of the Group's fresh fruits and sales improved significantly compared with the previous year as the age of fruit trees increased and the Group's planting management level and operational efficiency improved. As the benchmark of future agriculture, facility agriculture is also the focus of the Group's development this year, and the Group is currently the first in China in terms of area of smart glass greenhouse. At the same time, the Group continues to improve the technology and optimize the varieties of the original apple and citrus bases, and vigorously develop the construction of seedling breeding bases and building a number of high-standard non-toxic apple, citrus, cherry and pomegranate seedling breeding bases, enriching the domestic

Chairman's Statement

sapling plantation varieties and enhancing the introduction of new species and breeding work. In terms of fresh produce marketing channel construction, the Group tried out various new sales models, such as community group buying platforms, so that more consumers will be fully aware of the quality, professionalism and assurance of Haisheng Group's products.

PROSPECTS

In the new year, the Group will face a complicated and volatile domestic and international economic environment and the continued uncertainty of the COVID-19 pandemic. All staff of the Group will unite and forge ahead, striving to plan and implement its annual tasks and objectives in the following three areas.

First of all, we will spare no effort in improving the management standard, strengthening the management and integration of various planting bases in order to further improve the production efficiency of the bases, consolidate the management of transportation and sales process, reduce the loss and cost of sales and thus improve the quality of the end products.

Moreover, the Group will proactively seek changes and adopts to the new situation of domestic and international trade and step up its effort to pursue a new development pattern for the dual circulation economic strategy in which domestic circulation plays a leading role while the domestic and international circulations complement each other. We will continue to explore market resources and form a sales network covering the whole system.

Last but not least, the Group will proactively stay close to and integrate itself into the capital market, grasp the favorable opportunities arising from the in-depth promotion of mixed ownership reform by state-owned enterprises and the profound changes in the domestic capital market, actively seek win-win cooperation with various strategic investors, including but not limited to those with state-owned background so as to continue to consolidate its traditional business advantages. We will also continue to strengthen and cultivate our core competitiveness and new growth points, continue to provide consumers with quality products, reward investors, fulfill our corporate social responsibility, and make substantial contributions to the modernization of China's agriculture.

Gao Liang
Chairman

Xi'an, the PRC
30 March 2021

Management Discussion and Analysis

FINANCIAL REVIEW

For the financial year ended 31 December 2020, the China Haisheng Juice Holdings Co., Ltd. (the "Company") and its subsidiaries (collectively the "Group") recorded a revenue of approximately RMB1,195.1 million, representing a decrease of approximately 3.0% over the previous year. Gross profit margin for the current year is 4.3% as against 6.1% in the previous financial year.

The decrease in revenue in 2020 was mainly attributable to the decrease in the export volume of juice concentrate caused by the impact of the trade frictions between China and the United States, and the decline in the price of juice concentrate-related products caused by the COVID-19 pandemic.

The decrease in gross profit margin in 2020 was mainly due to the impact of the COVID-19 pandemic on market sales prices of concentrated juice related products.

Other income decreased by 27.4% to approximately RMB217.1 million and the decrease was mainly due to the reduction of government grants.

Other gains and losses decreased by 17.0% to approximately RMB8.8 million and the decrease was mainly due to the increase in gross profit of sapling other than apple sapling.

Distribution and selling expenses decreased by 21.1% to approximately RMB225.4 million and it was due to the increasing maturity of sales channels and tighter control over the sales expense budget.

Administrative expenses increased by 4.9% to approximately RMB272.3 million and it was due to the increase in expenses caused by the frost damage to part of agriculture.

Finance costs increased by 17.0% to approximately RMB181.5 million and it was due to increase in loan balance, and the increase in right-of-use assets and lease liabilities.

Attributable mainly to the aforesaid, the Group's audited loss attributable to owners of the Company was approximately RMB156.8 million, representing an increase of 142.7% as compared with last year.

Liquidity, financial resources and gearing

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

As at 31 December 2020, the Group's bank and other borrowings, bills payables and lease liabilities amounted to approximately RMB6,382.3 million (2019: RMB4,960.0 million), among which, approximately RMB4,612.3 million (2019: RMB3,499.8 million) were secured by way of charge on the Group's assets. Approximately RMB1.1 million and RMB6,381.2 million were denominated in USD and RMB respectively.

	2020	2019
	RMB'000	RMB'000
Bank loans	**3,686,391**	2,473,748
Other borrowings	**648,579**	968,128
Loans from government	**636,671**	159,550
Bills payables	**79,675**	186,000
Lease liabilities	**1,330,992**	1,172,618
	6,382,308	4,960,044

The interest rate for the variable-rate borrowings is based on London Interbank Offered Rate/The People's Republic of China Base Lending Rate plus a margin for both years.

As at 31 December 2020, the cash and cash equivalents and pledged bank deposits amounted to approximately RMB285.1 million (2019: RMB315.3 million).

The Group monitors capital using gearing ratio, which is net debt divided by the total equity. Net debt is calculated as bank and other borrowings, bills payables and lease liabilities less cash and cash equivalents and pledged bank deposits as shown in the consolidated statement of financial position. Total equity comprises all components of equity. The Group aims to maintain the gearing ratio at a reasonable level. At 31 December 2020, the gearing ratio was 278.2% (2019: 232.8%).

Significant Investments Held and Material Acquisition and Disposals

(a) On 16 January 2020, Shaanxi Chaoyue, a non-wholly owned subsidiary of the Company, entered into a joint venture agreement (the "Agreement I") with 古浪縣扶貧產業開發有限公司 (Gulang County Poverty Alleviation Industrial Development Company Limited*) ("Gulang Poverty Alleviation"), an independent third party at the time of the Agreement I, pursuant to which Shaanxi Chaoyue and Gulang Poverty Alleviation have agreed to establish a joint venture company in the PRC (the "JV Company I") with a registered capital of RMB40 million and each of Shaanxi Chaoyue and Gulang Poverty Alleviation has agreed to contribute to the registered capital of the JV Company I at RMB32 million and RMB8 million, respectively. Shaanxi Chaoyue and Gulang Poverty Alleviation will own 80% and 20% of the equity interests of the JV Company I, respectively, after the capital contributions.

(b) On 17 March 2020, Shaanxi Chaoyue, a non-wholly owned subsidiary of the Company, entered into a joint venture agreement (the "Agreement II") with 寧縣聚農蘋果產業資金專業合作社 (Ningxian Junong Apple Industry Fund Professional Cooperative*) ("Ningxian Junong"), 寧縣金農農業扶貧開發有限公司 (Ningxian Jinnong Agriculture Poverty Alleviation and Development Co., Ltd.*) ("Ningxian Jinnong") and 寧縣果業局 (the Fruit Industry Bureau of Ning County*) ("Fruit Industry Bureau") (save for Ningxian Junong being a substantial shareholder of an indirectly non-wholly owned subsidiary of the Company, Ningxian Junong and the Fruit Industry Bureau were independent third parties at the time of the Agreement II), pursuant to which Shaanxi Chaoyue, Ningxian Junong, Ningxian Jinnong and the Fruit Industry Bureau have agreed to establish a joint venture company in the PRC (the "JV Company II") with a registered capital of RMB50 million and each of Shaanxi Chaoyue, Ningxian Junong, Ningxian Jinnong and the Fruit Industry Bureau has agreed to contribute RMB39 million, RMB2 million, RMB3 million and RMB6 million, respectively, to the registered capital of the JV Company II. Shaanxi Chaoyue, Ningxian Junong, Ningxian Jinnong and the Fruit Industry Bureau will own 78%, 4%, 6% and 12% of the equity interests of the JV Company II, respectively, after the capital contributions.

(c) On 16 April 2020, Shaanxi Chaoyue, a non-wholly owned subsidiary of the Company, entered into a joint venture agreement (the "Agreement III") with 綏江縣中春農業綜合開發有限公司 (Suijiang County Zhongchun Agriculture Development Company Limited*) ("Zhongchun Agriculture"), an independent third party at the time of the Agreement III, pursuant to which Shaanxi Chaoyue and Zhongchun Agriculture have agreed to establish a joint venture company in the PRC (the "JV Company III") with a registered capital of RMB30 million and each of Shaanxi Chaoyue and Zhongchun Agriculture has agreed to contribute to the registered capital of the JV Company III at RMB21 million and RMB9 million, respectively. Shaanxi Chaoyue and Zhongchun Agriculture will own 70% and 30% of the equity interests of the JV Company III, respectively, after the capital contributions.

(d) On 7 May 2020, 威寧超越農業有限公司 (Weining Chaoyue Agriculture Company Limited*) ("Weining Chaoyue"), a non-wholly owned subsidiary of the Company, entered into a joint venture agreement (the "Agreement IV") with 昭通市昭陽區農業投資發展有限公司 (Zhaotong Zhaoyang Agricultural Investment Development Co., Ltd.*) ("Zhaoyang Agriculture"), a non-independent third party at the time of the Agreement IV, pursuant to which Weining Chaoyue and Zhaoyang Agriculture have agreed to establish a joint venture company in the PRC (the "JV Company IV") with a registered capital of RMB50 million and each of Weining Chaoyue and Zhaoyang Agriculture has agreed to contribute to the registered capital of the JV Company IV

* *For identification purposes only*

at RMB15 million and RMB35 million, respectively. Weining Chaoyue and Zhaoyang Agriculture will own 30% and 70% of the equity interests of the JV Company IV, respectively, after the capital contributions.

(e) On 3 July 2020, Shaanxi Chaoyue (a non-wholly owned subsidiary of the Company), 武威市涼州區金希望農業發展有限公司 (Wuwei Liangzhou Golden Hope Agriculture Development Company Limited*) ("Wuwei Agriculture") and 武威海越現代農業有限公司 (Wuwei Haiyue Modern Agriculture Company Limited*) ("Wuwei Haiyue", a non-independent third party at the time of the entering into of the Agreement V) entered into a capital increase agreement (the "Agreement V") pursuant to which Wuwei Agriculture has agreed to make a capital increase to Wuwei Haiyue so as to increase the registered capital of the Wuwei Haiyue from RMB213.0 million to RMB236.7 million. Upon completion of the capital increase, each of Shaanxi Chaoyue and Wuwei Agriculture will hold 90% and 10% equity interests in Wuwei Haiyue, respectively.

(f) On 23 December 2020, Shaanxi Chaoyue, a non-wholly owned subsidiary of the Company, 中央企業貧困地區河南產業投資基金(有限合夥) (Central Enterprise Poverty Area Henan Industrial Investment Fund*) ("Henan Fund"), 洛寧縣永豐現代農業投資開發有限公司 (Luoning City Yongfeng Modern Agricultural Investment and Development Company Limited*) ("Luoning Yongfeng") and its subsidiary 洛寧超越農業有限公司 (Luoning Chaoyue Agriculture Company Limited*) ("Luoning Chaoyue") entered into the capital increase agreement pursuant to which the registered capital of Luoning Chaoyue will be increased from approximately RMB24.77 million to approximately RMB29.02 million, of which Shaanxi Chaoyue has agreed to increase its capital contribution to the registered capital of Luoning Chaoyue from approximately RMB14.22 million to approximately RMB14.52 million at the consideration of RMB1.50 million, and Luoning Yongfeng has agreed to make a capital contribution to the registered capital of Luoning Chaoyue of approximately RMB3.95 million and additional approximately RMB16.05 million as Luoning Chaoyue's capital reserves. Upon completion of the proposed capital increase, each of Shaanxi Chaoyue, Henan Fund and Luoning Yongfeng will hold approximately 50.03%, 36.35% and 13.26% equity interest in Luoning Chaoyue, respectively.

Decrease in ownership interest in subsidiaries without loss of control

On 23 December 2020, Shaanxi Chaoyue, a non-wholly owned subsidiary of the Company, entered into an investment agreement (the "Agreement VI") with Luoning Chaoyue and Luoning Yongfeng, an independent third party at the time of the Agreement VI, to inject an additional capital of RMB19,500,000 into Luoning Chaoyue, a non-wholly owned subsidiary of Shaanxi Chaoyue. Pursuant to the Agreement VI, Shaanxi Chaoyue and Luoning Yongfeng shall contribute additional capital of RMB1,500,000 and RMB18,000,000 respectively. Luoning Yongfeng had made full capital contribution and the Group received total cash capital contribution of RMB18,000,000 from the non-controlling shareholder. The amount of RMB1,069,000, being the difference between the capital contribution of RMB18,000,000 and the amount of non-controlling interests adjusted of RMB19,069,000, was directly recognised in other reserve during the year ended 31 December 2020.

Save as disclosed above, there were no significant investments held by the Company, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2020.

Exposure of foreign exchange

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

* *For identification purposes only*

Capital commitments

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

	2020	2019
	RMB'000	RMB'000
Property, plant and equipment	290,396	412,882
Bearer plants	27,106	42,543
Capital contribution to associates	33,810	29,400
Capital contribution to a joint venture	52,500	–
	403,812	484,825

Pledge of assets

At the end of the reporting period, the Group pledged the following assets as security for the Group's bank borrowings and lease liabilities:

	2020	2019
	RMB'000	RMB'000
Property, plant and equipment	882,111	891,675
Bearer plants	318,284	242,607
Right-of-use assets	845,167	862,764
Pledged bank deposits	58,885	144,320
Inventories	161,928	462,490
Trade and other receivables	1,800	30,622
	2,268,175	2,634,478

Contingent liabilities

Details of contingent liabilities of the Group at 31 December 2020 are set out in note 41 to the consolidated financial statements.

Future plans for material investments and capital assets

As at 31 December 2020, the Group did not have other plans for material investments or capital assets.

Management Discussion and Analysis

BUSINESS REVIEW

Juice concentrate and by-product processing

In 2020, the Group continued to strive to develop its business by leveraging its advanced production technology and its own service advantages, communicating with domestic and overseas customers in an all-round and in-depth manner, and exploring all possible opportunities on the basis of stabilising existing sales channels. After years of efforts, the Group has formed a stable sales presence in a number of domestical and overseas regions, including the United States, Canada, Japan, Korea, Thailand, Russia, the Middle East and the domestic market.

It is a fact that the COVID-19 pandemic started at the beginning of 2020 had a major impact on domestic and international juice sales. The seriousness of the domestic epidemic at the beginning of the year led to different degrees of delay in resuming work across the country, and normal production and operation activities could not be resumed in a short term. Due to the lockdown of cities and closure of roads all over the country, there was a shortage of transportation capacity nationwide, and it was difficult to fill and send the juice concentrate products from the factories to the ports, which in turn made it difficult to ship and fulfill the orders from customers. The COVID-19 pandemic spread globally during the latter part of the year, which had a significant impact on global shipping, with many countries closing air and sea freight, resulting in a decline in demand for fruit juice in overseas markets. However, under such severe circumstances, the Group still actively developed the domestic market and explored new domestic customers, resulting in an increase of 31.5% in sales of clear pear juice concentrate products compared with the previous year, and an increase of 31.5% in sales of small varieties of juice concentrate products such as white peach concentrate cloudy juice and an increase of 200% in sales of apple semi-cloudy juice.

At the same time, the Group expanded its product range by increasing the research and development of mainstream products, and simultaneously expanded multiple channels and increased the strategic layout of chain restaurants and hotel chains. As for end-user products, the Group increased its investment in research and development. While iterating and upgrading the original "Eden View" high-end bottled fruit drink series by newly developing strawberry, grapefruit and green apple flavors, the Group also launched the "Pure Twig" series of 100% fruit juice bottled beverages by sorting out the "Language of Fruit" drink series. Based on the above, the Group provides high-quality services to customers with high-quality products, rich product categories and diversified sales channels to meet the consumption needs of different groups and increase the stickiness of high-quality customers.

Modernised agriculture

In 2020, sales of the Group's modern agriculture segment increased by 37% over last year. Although the overall price performance of the domestic fresh fruit and vegetable market was relatively sluggish due to the impact of the COVID-19 pandemic in spring, and natural disasters such as persistent rains and frosts in some regions led to a reduction in production in some of the Group's production areas, the Group's sales of fresh fruit products still increased significantly over the previous year as the age of fruit trees increased and the Group's planting management level and operational efficiency improved.

During the reporting period, the construction and development of high-end facility agriculture was the top priority of the Group's modern agriculture business. Following the first phase of glass greenhouses in Tongchuan, Pingliang and Zhangye, the second phase of greenhouse projects in Baiyin and Zhangye were gradually put into operation in 2020. By the end of 2020, the Group had built and under-construction greenhouses covering an area of over 900,000 square metres.

During the reporting period, the Group strengthened production efficiency management through technological improvement and variety optimization, resulting in breakthroughs in the quality and yield of apples, citrus and candy tomatoes, and the products were highly praised by customers. In 2020, the Group further achieved scientific and digital management in pesticide residue control and virus disease detection of seedlings. The Group has built high-standard non-toxic citrus seedling breeding bases in Guangxi Jingxi and Sichuan Yilong and Gulin. The Group newly registered more than ten apple seedling trademarks such as Knip and Red Schniga Gala and successfully obtained approval for the introduction of European sweet cherry seedlings from the Netherlands, which enriched the domestic seedling planting varieties and enhanced the introduction and breeding of new varieties. The construction project of the baby carrots processing line of the Vegetable Division in Wuwei is under continuous construction and is expected to be put into operation in August 2021. The carrot yield of Pingyin Base broke through a record high, reaching nearly 5 tons per mu. In 2020, the Berry Division added a new blueberry base with a planting area of 1,000 mu, and completed the construction of a sorting line and processing workshop occupying an area of 15 mu, and successfully introduced professional sorting equipments and a professional cold storage facility in Spain.

In 2020, in terms of fresh produce marketing channel construction, the Group continued to implement its sales strategy of joint development of online and offline sales. While actively developing traditional national customers, distributors, wholesalers and retail customers, the Group also actively docked with major e-commerce brands and various community group buying platforms to try out various new sales models. In terms of brand building, the Group will continue to focus on the two brands of "Pure Twig" and "Eden View", and the fresh produce business and juice business will go hand in hand to continuously enrich the product categories in the brand, so that more consumers will be fully aware of the quality, professionalism and assurance of Haisheng Group's products.

Prospect

In the coming year, the Group will strengthen the management and integration of the planting bases, further improve the production efficiency of the bases, strengthen the management of the transportation and sales process, reduce losses and sales costs thereby improving the quality of end products. Meanwhile, the Company will continue to expand its market resources and form a nationwide sales network of Haisheng covering the entire system, so as to continue to provide consumers with safe, healthy and delicious good products and make substantial contributions to the modernization of Chinese agriculture.

Environmental, Social and Governance Report

1. INTRODUCTION

About this report

This report focuses on the disclosure of annual data on the environment, the society and governance of China Haisheng Juice Holdings Co., Ltd. (the "Company") and its subsidiaries (collectively the "Group"). This report is prepared according to the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reporting period and scope

This report fully covers the data and information about the Group, the fruit juice processing plants and agricultural cultivation companies and covers the full financial year from 1 January 2020 to 31 December 2020.

Reporting principle

Materiality: The content disclosed in this environmental, social and governance ("ESG") report is sufficient to represent material issues related to the environmental and social factors of the Group and assist our investors or stakeholders in understanding the performance of the Group.

Quantitative: Key performance indicators for environmental aspects are explained and evaluated in a measurable method which can showcase the effectiveness of ESG policies and management systems.

Balance: The Group ensures that the information is presented in an unbiased manner which can reflect a comprehensive picture of the Group's sustainability performance and avoid inappropriate influence on report readers.

Consistency: Consistent methodologies were used to conduct meaningful comparisons of relevant ESG data. Key performance indicators from the previous financial year were also presented for easier comparison of the Group's sustainability performance.

As for the corporate governance section of this ESG report, please refer to the section named as "Corporate Governance Report" in this annual report.

2. ENVIRONMENTAL PROTECTION

The agricultural cultivation bases of the Group comply with the standards under the Global Good Agricultural Practices ("Global GAP") and are equipped with advanced agricultural machinery. Compared with traditional agricultural planation, the Group has significant achievement in terms of water and fertilisers saving, and environmental preservation. The research and development, processing and sale of fruit and vegetable juice products conducted by the Group are closely related to environmental protection and use of natural resources. A series of management policies, mechanisms and measures were formulated by the Company for the protection of the environment and natural resources to adhere to the aim of sustainable development and operation.

The Group strived to enhance the utilisation efficiency of various energy, water resources and materials. It also follows the relevant environmental regulations and international rules in places where it operates to reduce the use of various natural resources and devotes in environmental protection. Actions taken by the Group include the control of greenhouse gases based on international standards, the emission reduction and recycling of wastes and energy saving in plants with high energy consumption.

Use and procurement of raw materials

The raw materials used in the fruit and vegetable juice processing industry are mainly fresh fruits and vegetables. All materials of the Group are procured from repeatedly confirmed qualified plantation areas. It also selects local qualified suppliers to reduce the risks on supply suspensions and the carbon emission for the transportation of materials.

Use of energy

The key points in the strategies of the Group on the management of energy use are as follows:

1) Gradually eliminate fossil fuels with high pollution/high carbon emission and replace them with electricity or clean fuels.

2) Conduct the monitoring on use of energy and focus on improving the energy efficiency of equipment to reduce energy consumption.

3) The Group also formulated the "Energy Management Measures" for reasonable use of energy to gradually enhance the utilisation efficiency of energy.

4) The energy categories used in the fruit and vegetable processing plants of the Group include electricity, coals, steam and natural gas. The annual use of energy and the average energy consumption per ton of products are as follows:

Energy Categories	Electricity (kwh)	Coal (ton)	Steam (cubic meter)	Natural gas (cubic meter)
Usage amount	11,361,012	2,860	0	5,877,813
Average energy consumption per ton of fruit juice	300.07	0.08	0	185.25

5) The Group conducts energy-saving technical transformation on major equipment based on their conditions every year and implements energy-saving management system. Up to 31 December 2020, six plants of the Group started to use natural gas boilers.

Use of water resources

The fruit and vegetable juice processing industry is an industry with high water consumption. On the use of water resources, the Group develops water balance policies and recycles the evaporated water generated from the production process. Based on water resources management policies, the Group ensures that safe water usage meeting the statutory standards on water quality is provided and sewage is treated to comply with the requirements of local regulations on wastewater discharge.

To manage the safe use of water resources, the plants are equipped with reverse osmosis water purification system and equipment. Operation standards on water purification and wastewater treatment were developed and regular testing on water quality was conducted. Meanwhile, the Group regularly appoints external agencies to test water quality according to laws to ensure that the water quality of all plants is safe and clean.

Currently, the supply of water resources in all areas is mainly from local municipal water supply and own well water, and there is no problem in seeking appropriate water sources.

The total water consumption at fruit and vegetable processing plants was approximately 560,828 cubic meters in 2020. The sources of the water supply and water consumption of the Group are within the scope of permission of local governments and have no significant influence on the sources of the water supply.

Discharge of wastewater

The Group formulated the "Sewage Discharge Management System" to reduce discharge from sources and ensure proper treatment to meet the regulatory requirements.

Most of the polluted water in the plant areas is from the washing water for fruit, the disposal of waste after the ultrafiltration of juice and the wastewater from washing equipment and pipelines. Only a small proportion is from domestic water consumption of employees. All plants are equipped with sewage treatment stations for industrial wastewater and the wastewater will not be discharged until meeting the discharge standards after treatment.

All plants are equipped with large sewage treatment systems. Different models of treatment processes were conducted based on the treatment requirements on water quality to ensure the effectiveness of treatment. The plants are all equipped with specialised water quality laboratories to conduct testing and monitoring on water quality. Meanwhile, the Group regularly engages local competent authorities to conduct sampling and testing on discharged water according to the laws and discharge wastewater through legal discharge outlets after meeting the discharge standards. In 2020, the Group did not receive any notice on illegal discharge at the discharge outlets of our plants and there was no significant environmental impact on the receiving waterbody and surrounding environment.

Carbon emission of greenhouse gases

The Group pays continuous concern to the Paris Agreement and relevant laws and regulations or specific actions of all countries on reducing the emission of greenhouse gases. Besides abiding by relevant laws and regulations of all strongholds, it also developed and implemented measures on reducing the emission of greenhouse gases. The Group currently assists plants in energy-saving and carbon emission reduction through energy-saving programmes and gradual elimination of fossil fuels with high pollution/high carbon emission.

The sources of greenhouse gases emission generated from the production of fruit and vegetable juice are mainly from the smoke and dust, sulfur dioxide and nitrogen oxides from the use of electricity and the combustion of fossil fuels. As for hydrofluorocarbon, perfluorocarbon and sulfur hexafluoride, only a few of sulfur hexafluoride are used as insulated filling gas in high voltage distribution equipment. Based on the statistics of manufacturers, its routine leakage chances are extremely low. As a result, the carbon emission from dissipation is only calculated when the equipment is filled. In 2020, the total carbon emission from greenhouse gases was approximately 29,200 tons, approximately 62% was generated from the combustion of fossil fuels and 38% was generated from the use of electricity.

By setting up hot water storage system and carbon dioxide recycling system for the greenhouse production base, while the natural gas boilers are heating up the greenhouse with combustion of natural gas, the carbon dioxide generated would be supplied to the greenhouse crops for photosynthesis. Crop yields would be increased and zero emission of carbon dioxide from natural gas boilers would be achieved.

Pollution prevention and management

Environmental management policies

Adhering to the principle of balancing environmental protection and production, the Group adopted the following measures on environmental protection:

1) Introduce the effective operation of the environmental management system, implement the prevention of environmental pollution and impact management to continuously improve and promote the sustainability of environmental resources.

2) Comply with and meet the relevant laws and regulations on environmental protection and other requirements, develop and implement relevant standards and operation procedures based on such.

3) Optimise the production process, promote clean production, reduce the emission of pollutants, implement the control and management of pollution and conduct regular testing and inspection.

4) Reduce the use of hazardous substances, promote the implementation of measures on reducing industrial waste, recycling and reusing resources, saving energy and reducing carbon emission to continuously enhance the performance of the Group in environmental protection.

5) Strengthen education and training to enhance the awareness of all employees on environmental protection to fully implement environmental responsibilities.

6) In practical operation and management, the Company develops relevant standards on

environmental protection as the standards implemented in all plants. Meanwhile, the management system on the independent operation of plants was established with reference to the ISO 14001 "Environmental Management System".

Compliance in environmental management

Out of respect for and protection of environmental resources, the plants of the Group conduct specialised collection and treatment of pollutants generated from the production and operation and strive for proper treatment to meet the requirements and standards of local regulations before emission.

There were no significant illicit emissions and leakages from the plants of the Group that resulted in serious environmental pollution and impact in 2020.

Biodiversity impact management

For the operation bases, the Group conducted assessments on the environment of relevant industrial lands and relevant regulations in the early stage of planning. The selected production bases are located in the areas permitted for economic development by the local governments, instead of habitats of locally protected or reserved creatures. There are no endangered species or internationally protected species in the area. The Group has strived to avoid affects and impact on local biodiversity and environment.

Air pollution sources management

Currently, the air pollution sources of the plants are mainly volatile organic compounds, smoke from fuel boilers and the flue exhaust from kitchens. For the prevention and control of air pollutants, the Group has handled the air pollutants properly with specialised treatment to meet the standards on clean production and regulatory requirements.

Wastes management

The plants of the Group focus on the legitimate removal and recycling of wastes. All wastes should be removed and treated by qualified suppliers certified by the government as required by local regulations.

The wastes from the plants are mainly classified into four categories, including domestic wastes, industrial wastes, hazardous wastes and recyclable wastes. Domestic wastes and industrial wastes were removed and treated by local qualified recyclers. Hazardous wastes generated, in accordance to local or national laws, were identified and classified. Special areas for temporary storage of hazardous wastes were set and managed by specific staff. Hazardous wastes would later be handled by treatment companies recognised by the national environmental protection authorities. Recyclable wastes were collected by establishing control center for recyclable materials in plant areas and managed in categories.

As at 31 December 2020, the removal and treatment of all wastes complied with the local management requirements.

3. EMPLOYEES

Employment

In 2020, the Group integrated its development strategies to precisely hunt the core technology, strategic development, sales and other professionals and upgraded the elite team. Through cooperation with outstanding agricultural colleges and universities around the globe, a large number of high-potential technical talents have been stocked which further enhance the team of talents.

As talents are the core competitiveness of an enterprise, the Group provides employees with competitive remuneration and benefits in the market. Meanwhile, the Group strengthened strategic development for talents and consistently improves various human resources systems on the selection, hiring, cultivation and retaining of employees, creating a fair and open occupational environment for employees and providing diversified and internationalised development opportunities. The Group provides employees with effective protection in legal rights such as social insurance and various leaves and holidays. The Group respects the religious belief and personal stance of all candidates. The Group assesses the ability, quality and suitability for the position of candidates with the orientations of innovation and value creation, without sexual discrimination, national discrimination and disability discrimination and any inequality.

As at 31 December 2020, the Group had a total of 2,940 employees, approximately 99.9% of which were located in People's Republic of China (the "PRC"). The proportion of male and female employees was approximately 65:35. Approximately 38.1% of the total number of employees held a bachelor's degree or above; approximately 7.2% of the total number of employees held a master's degree or above; while approximately 0.2% of the total number of employees held a doctoral degree or above. In 2020, the employee turnover rate was approximately 19.4%.

Health and safety

The Group protects the health and safety of employees in the working environment for long-term and regularly organises trainings on relevant safety procedures and operation standards to minimise safety accidents in the working environment. The Group provides an excellent working environment for employees and strictly implements various regulations of the corporate social responsibility standards on occupational health and safety measures. It also arranges comprehensive health check for all employees every year. There were no work related injuries or death of employees in 2020.

Development and training

The Group has conducted various forms of training targeting different positions based on the needs of work duties so that employees can be competent at their current positions. For fresh graduates, the Group launched the Green Apple Project, in which mentors are appointed within each department to provide guidance in actual work, helping fresh graduates to quickly integrate into the work environment and master work skills, and eventually make job placements according to their interests and ability orientation. For new employees, the Group launched a systematic orientation training programme, which involved the introduction to the Group's background, organisation structure, business development, talents strategy, handling and treatment of administrative matters etc. For junior management, the Group arranged short training sessions for them to enhance their management capabilities. For middle and senior management, the Group cooperated with world-leading business institutions such as China Europe International Business School (CEIBS), Guanghua School of Management of the Peking University and Cheung Kong Graduate School of Business (CKGSB) to enhance the management standards and decision-making abilities of middle and senior management. In 2020, each department of the Group also carried out various training and exchanges tailored to its business, such as learning and sharing sessions of McKinsey Way for work , high-performing human resource management exchanges, and project management training, etc. combining actual work needs, with a view to enhancing business capabilities while exercising the management capabilities of employees and promoting comprehensive development.

Employee welfare

The Group provides employees with competitive remuneration and benefits in the industry and contributes to social insurance for employees according to national and local laws and regulations. The Group manages vacation based on national laws and regulations. All employees enjoy paid annual leaves, marriage leaves, maternity leaves and private affair leaves.

The Group held various activities in 2020 to further promote the corporate cultural construction. Employees actively participated in the activities, which further strengthened the awareness for team spirit and enhanced the cohesiveness and sense of belonging of employees.

Labour standards

In 2020, the Group strictly abided by relevant labour laws and regulations in Hong Kong and the PRC and prohibited the employment of child labours or forced labours. During the recruitment, the human resources department strictly followed the Labour Law and Labour Contract Law of the PRC in the recruitment of employees and future retention, and required candidates to confirm their relevant information by written confirmation. If any information in violation of employment standards was found, the recruitment will be terminated immediately.

4. OPERATION MANAGEMENT

Suppliers

Suppliers are an important part in the business of the Group, providing the Group with different products and services, including office equipment, transportation services, raw materials for production and construction services. The Group strives to treat suppliers and other business partners with its utmost respect and integrity and selects suppliers through a fair process. The Group selects suppliers based on reasonable and clear standards, such as the product quality, after-sale services, prices and credit period and records on cooperation, in order to procure products and services of the best quality with most competitive resources. The Group also establishes services record reports on suppliers and monitors the overall performance of the suppliers selected. Suppliers with bad cooperation records would be eliminated and continuous cooperation with quality suppliers would be established. A majority of suppliers of the Group are located in the PRC.

Product liabilities

After development of more than two decades, the customers of the Group are located in more than twenty countries and regions in the world. The Group has advanced technique to assure the high quality of juice concentrates. The juice concentrates products of the Group have passed the ISO9001 certification, the SGF certification, the KOSHER certification and the HACCP certification on food safety as well as the internal certifications of various well-known food manufacturers in the world. The fresh fruit and vegetable products supplied to the customers by the Group have undergone standardised sorting and testing to guarantee the naturalness, quality and safety of products. The Group conducts customer satisfaction survey every year to better understand the opinions and requirements of customers and their objective evaluation of the Group. The 2020 survey report showed that customers were satisfied with the Group.

Anti-corruption

In 2020, the Group abided by all relevant anti-corruption laws in Hong Kong and the PRC. The Group attaches great importance to the education and training on professional ethics of employees and requires no employees to obtain benefits from customers, contractors, suppliers or individuals who have business relationship with the Group. For the gifts voluntarily given, employees shall reoprt to the superiors or the human resources department of the Group for approval. The Group has formulated reporting policies and employees can report any suspicious illegal or improper behaviour to the human resources department or independent non-executive Directors. The Group will conduct thorough investigations and reviews after receiving report. Employees will be dealt with seriously if involvement in abuse of authority and corruptive behaviour is confirmed.

Community

The Group has developed modern agricultural industries in poverty-stricken areas in many countries , helped farmers to fight against poverty and increase income through different means such as land transfers and employee and technical trainings, and transfer the operational risk of farmers reasonably and effectively. The Group supported the neighbourhood farmers to change the traditional farming model by "opening agricultural field university and continuously spreading planting techniques".

Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Gao Liang (高亮), aged 60, is the founder and chairman of China Haisheng Juice Holdings Co., Ltd. (the "Company") and its subsidiaries (collectively the "Group"). He is responsible for the Group's corporate policy formulation, business strategic planning, business development and overall management of the Company. Mr. Gao has devoted himself to the apple juice concentrate industry since 1996, and has gained plenty of sales and management experiences. In 1982, Mr. Gao graduated from Shaanxi Finance and Economic Institute (陝西財經學院) in industrial economics, and he completed the Global CEO Programme organised by China Europe International Business School. Mr. Gao represents 陝西海升果業發展股份有限公司 (transliterated as Shaanxi Haisheng Fresh Fruit Juice Co., Ltd.) ("Shaanxi Haisheng") which has been elected as vice president of Fruit Juice Association of China Chamber of Commerce For Import and Export of Foodstuffs, Native Produce and Animal By-Products (中國食品土畜進出口商會). Moreover, his personal accreditations include being elected in 1999 by New China News Agency Shaanxi Branch (新華通訊社陝西分社) and Shaanxi Public Personnel Editorial Committee (陝西新聞人物編委會) as the Turn of the Century Shaanxi Enterprise Capital Restructuring News Figure; as vice president of the China Beverage Industry Association (中國飲料工業協會果蔬汁分會) in 2001, as the vice president of the third Council meeting of the Xianyang Township Enterpreneurs Association (咸陽鄉鎮企業協會) in 2002, was awarded the honourary certificate for being one of the Ten Outstanding Enterpreneurs in the Development of Western China by the Election Committee of Outstanding Entrepreneurs of Western China Development (西部開發優秀創業者評審委員會) and Western China Forum Organisation Committee (西部論壇組織委員會) in 2002 and also the Deputy to the 10th National People's Congress of Shaanxi Province, the People's Republic of China (the "PRC") (陝西省第十屆人大代表).

Mr. Wang Junqing (王俊清), aged 44, an executive Director who joined the Group since 1996. He has served as the chairman of the board of directors of Luoning Haisheng Modern Agriculture Co., Ltd. (洛寧海升現代農業有限公司), Lingbao Branch and Dalian Haisheng Fresh Fruit Juice Co., Ltd. (大連海升果業有限責任公司). He is also the chairman of Dangshan Company. In 2016, he was transferred to the headquarters of the Group. He served as the general manager of the temperate fruits business department and the general manager of the tropical fruits business department. He is now the general manager of the vegetables business department. He graduated from food science and engineering profession from Shaanxi University of Science & Technology in 2011.

Mr. Wang Yasen (王亞森), aged 51, an executive Director who joined the Group since 1996. He has served as the chairman and general manager of Qixia Haisheng Fresh Fruit Juice Co., Ltd., Shaanxi Haisheng Fresh Fruit Juice Co., Ltd. (Yuncheng Branch) and Yitian Juice (Shaanxi) Co., Ltd. In 2016, he was transferred as the general manager of Operation Division of Fresh Fruits of the Group, and subsequently transferred as the General Manager of Berry Division of the Group, and was also in charge of the Group's Engineering Department. On 23 January 2019, he was appointed by the Group as the chairman of Xinjiang Aral Haisheng Fruit Industry Company Limited* (新疆阿拉爾海升果業有限責任公司), and was appointed by the Group as the legal representative of Shaanxi Chaoyue Agriculture Company Limited* (陝西超越農業有限公司) on 15 March 2019. He graduated from Shaanxi University of Science and Technology (formerly known as Northwest Institute of Light Industry) majoring in light industry technology and engineering in 1995. Subsequently, he studied at the President Training Course of Tsinghua University in 2008.

Mr. Wang Linsong (王林松), aged 40, an executive Director who joined the Group since 2007. He is now the Group's chief officer of human resources, the general manager of the agriculture facilities department, agricultural tourism department and vegetable business department. Mr. Wang is responsible for the human resources and new business development of the Group. Mr. Wang obtained a master degree in Food Science at the North West A&F University in the PRC in 2007.

With effect from 4 February 2021, Mr. Wang Linsong resigned as an executive Director of the Company in order to devote more time to pursue his other work engagement.

New Executive Director to the Board

On 5 February 2021, the Board announced the appointment of Mr. Qu Binglian as an executive Director of the Company with effect from 5 February 2021.

Mr. Qu Binglian (屈兵練), aged 44, graduated from Xi'an Jiaotong University with EMBA in 2011. He joined Shaanxi Haisheng Fresh Fruit Juice Co., Ltd. Qianxian Branch (陝西海升果業發展股份有限公司乾縣分公司) of the Group in 1996 and successively served as the deputy general manager in Dalian Haisheng Fresh Fruit Juice Co., Ltd. (大連海升果業有限責任公司), Shaanxi Haisheng Fresh Fruit Juice Co., Ltd. Weinan Branch (陝西海升果業發展股份有限公司渭南分公司), Qingdao Haisheng Fresh Juice Co., Ltd. (青島海升果業有

* *For identification purpose only*

限責任公司) and Shaanxi Haisheng Fresh Fruit Juice Co., Ltd. Lingbao Branch (陝西海升果業發展股份有限公司靈寶分公司) and general manager in Shaanxi Haisheng Fresh Fruit Juice Co., Ltd. Weinan Branch (陝西海升果業發展股份有限公司渭南分公司), Shaanxi Haisheng Fresh Fruit Juice Co., Ltd. Yuncheng Branch (陝西海升果業發展股份有限公司運城分公司) and Qingdao Haisheng Fresh Fruit Juice Co., Ltd.（青島海升果業有限責任公司）. In 2011, he was transferred to the headquarters of the Group and served successively as the deputy general manager of the processing division and the general manager of the fruit wine division. He is currently the general manager of the juice concentrates business department and fruit juice and food division. Since 2016, he has concurrently served as the chairman of Anhui Dangshan Haisheng Fresh Fruit Juice Co., Ltd. (安徽碭山海升果業有限責任公司) and Qingdao Haisheng Fresh Fruit Juice Co., Ltd.（青島海升果業有限責任公司）, and currently serves as the chairman of Baoji Haisheng Modern Agriculture Company Limited (寶鷄海升現代農業有限公司). and Xinjiang Aral Haisheng Fruit Industry Company Limited (新疆阿拉爾海升果業有限責任公司). He has 25 years of experience in the field of the manufacture of concentrated juices and plantation and sale of agricultural produce business.

Independent Non-executive Directors

Mr. Zhao Boxiang（趙伯祥）, aged 76, was appointed as an independent non-executive Director in September 2005. He is also the chairman of remuneration committee and members of audit committee and nomination committee of the Company. He is a Guest Professor of China Northwest University（西北大學）, the chairman of Shaanxi Society of Economic Reform（陝西省體改研究會）and the president of Shaanxi Independent Director Association（陝西獨立董事協會）. Mr. Zhao has previously worked as inspector of State-owned Assets Supervision and Administration Commission of the State Council（國有資產監督管理委員會）and the director of Shaanxi Commission for Restructuring Economy（陝西體制改革委員會）early or late from 1986 to 2005. He graduated with a bachelor's degree majored in political education from Shaanxi Normal University（陝西師範大學）in 1969. Mr. Zhao made remarkable contributions in the reformation of state-owned enterprise and private enterprise, and the listing of the Company. He has wrote many thesis on subjects such as reformation of economic system and regulation of State-owned assets, as well as construction and development of capital market, with some of them were award winners or published in major periodicals. Mr. Zhao is an independent non-executive director of Shaanxi Northwest New Technology Industry Company Limited (stock code: 8258), which is a company listed on the GEM of The Stock Exchange of Hong Kong Limited.

Mr. Liu Zhongli（劉忠立）, aged 61, was appointed as an independent non-executive Director and members of audit committee, nomination committee and remuneration committee on 6 July 2017. Mr. Liu obtained a bachelor degree in economics with major in industrial economic management from the University of Shaanxi Finance and Economics in 1982. Mr. Liu has extensive knowledge in economic management and worked for Xian Institute of Statistics for 17 years from 1982 to 1999 for various positions including professor and head of Institute of Applied Statistic and Computing Research. Mr. Liu has also worked for China Securities Regulatory Commission Shaanxi Division from 1999 to 2016. Mr. Liu has 17 years of experiences in regulatory and listing of securities, corporate governance, takeover and reorganisation, securities investment and capital management.

Ms. Huang Liqiong（黃麗瓊）, aged 50, was appointed as an independent non-executive Director on 3 December 2019. She graduated from Shaanxi Finance College* (陝西財經學院) majored in accountancy. Ms. Huang is a member of the Chinese Institute of Certified Public Accountants. She served as the project manager, department manager and deputy chief accountant of Shaanxi Branch of Yuehua Certified Public Accountants* (岳華會計師事務所陝西分所), and the deputy chief accountant of Shaanxi Branch of Ruihua Certified Public Accountants* (中瑞岳華會計師事務所陝西分所). Ms. Huang has been a partner in Zhongshen Zhonghuan Certified Public Accountants (Special General Partnership) and the head of Shaanxi Branch Office of Zhongshen Zhonghuan Certified Public Accountants (Special General Partnership) since July 2013. Ms. Huang has 23 years of audit experience in major accounting firm and has extensive financial accounting and audit professional knowledge and experience in organising and management of sizable audit projects. She is familiar with the capital market rules in the PRC and was responsible for the annual audit of various listed companies and projects such as various initial public offering and material assets reorganisation. Ms. Huang serves as an independent non-executive director of Ginwa Enterprise (Group) Inc.* (金花企業(集團)股份有限公司), a listed company on the Shanghai Stock Exchange (stock code: 600080) since June 2014, and she attended the Qualification Training Course of Independent Directors held by the Shanghai Stock Exchange in November 2014 and obtained the training completion certificate.

* *For identification purpose only*

Directors and Senior Management

Senior Management

Mr. Terence Sin Yuen Ko（單阮高）, aged 49, is the company secretary of the Group. Mr. Sin is a member of Hong Kong Institute of Certified Public Accountants and fellow member of Association of Chartered Certified Accountants. He had worked with several Hong Kong accounting firms and PricewaterhouseCoopers prior to joining the Group in January 2005. Mr. Sin received a bachelor degree of business administration from Hong Kong Lingnan University in 1999.

Corporate Governance Report

INTRODUCTION

China Haisheng Juice Holdings Co., Ltd. (the "Company") is committed to adhere to the regulatory standards of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), improving the corporate governance structure and performing the obligations as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the year under review. The daily activities were carried out fully pursuant to the established governance policies. 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 CG Code by establishing formal and transparent procedures to protect and maximise the interests of shareholders of the Company (the "Shareholders") during the year under review.

Code provision A.2.1 of the CG Code stipulates that the roles of the chairman and chief executive officer (or chief executive) should be performed by different individuals. At present, the Company does not have a competent candidate for the position of chief executive officer. Mr. Gao Liang, therefore, acts as the chairman and chief executive officer of the Company. The Company is recruiting for the competent and suitable person to take the position of chief executive officer. Code provision A.6.7 of the CG Code (the "Second Deviation") stipulates that the independent non-executive directors ("INED(s)") of the Company should, inter alia, attend general meetings. Code provision E.1.2 of the CG Code (the "Third Deviation") stipulates that the chairman of the board (the "Chairman") should attend the annual general meeting of the Company (the "AGM") and should invite the chairman of audit, remuneration and nomination committees to attend. Regarding the Second Deviation and the Third Deviation, the Chairman (who is also the chairman of nomination committee) and one INED, namely Mr. Zhao Boxiang (chairman of remuneration committee), were absent from the last AGM held on 22 June 2020. Both of them and Mr. Liu Zhongli, an INED, were also absent from the extraordinary general meeting held on 3 March 2020 ("EGM"). They were absent due to their other important engagements at the relevant time. Other members of the remuneration and nomination committees attended the aforesaid AGM and EGM and made themselves available to answer questions.

MODEL CODE FOR SECURITIES TRANSACTIONS

The board (the "Board") of directors (the "Directors") has adopted the Model Code for Securities Transactions by directors of Listed Issuers set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standard of dealings throughout the year ended 31 December 2020.

BOARD OF DIRECTORS AND BOARD MEETING

The Board comprises seven Directors, including four executive Directors and three INEDs. Details of the backgrounds and qualifications of the Directors are set out in the section headed "Directors and Senior Management" in this annual report. All Directors give sufficient time and attention to the Company and its subsidiaries' affair.

Save as disclosed in the section headed "Directors and Senior Management" to this annual report, the Directors have no other financial, business, family or other material/relevant relationships with one another.

The Board held ten board meetings during the year under review. At the meetings, the Directors discussed and formulated overall strategies for the Group, monitored financial performance and discussed the annual and interim results, as well as other significant matters. The attendance record of each member of the Board is set out below:

Directors	Attendance/Number of Board Meetings eligible to attend	Attendance/ AGM	Attendance/ EGM
Executive Directors			
Mr. Gao Liang *(Chairman)*	10/10	0/1	0/1
Mr. Wang Linsong (resigned on 4 February 2021)	10/10	1/1	0/1
Mr. Wang Yasen	10/10	0/1	0/1
Mr. Wang Junqing	10/10	0/1	1/1
Independent non-executive Directors			
Mr. Zhao Boxiang	10/10	0/1	0/1
Mr. Liu Zhongli	10/10	1/1	0/1
Ms. Huang Liqiong	10/10	1/1	1/1

The Board is responsible for corporate strategy, annual and interim results, succession planning, risk management, major acquisitions, disposals and capital transactions, and other significant operational and financial matters. Major corporate matters that are specially delegated by the Board to the management include the preparation of annual and interim accounts for the Board's approval before publication, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

The corporate governance functions of the Company are performed by the Board. In 2020, the Board reviewed the Company's policies and practices on corporate governance and on compliance with legal and regulatory requirements, reviewed and monitored the training and continuous professional development of Directors and senior management, reviewed and monitored the code of conduct applicable to employees and directors as well as reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Under the Company's articles of association (the"Articles of Association"), at each AGM, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director (including those appointed for a specific team) shall be subject to retirement by rotation at least once every three years at the general meeting. There are no provisions relating to retirement of Directors upon reaching any age limit.

Under the Articles of Association, the Directors, including the non-executive Directors, are subject to retirement by rotation and re-election at AGM. The term of the appointment of each of the INEDs is three years.

In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, the Company has appointed three INEDs, representing at least one-third of the Board. The Board considers that all INEDs have appropriate and sufficient industry or accounting experience and qualifications to carry out their duties so as to protect the interests of the Shareholders.

The Company has received from each of its INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and hence the Company still considers the INEDs to be independent.

Pursuant to code provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. During the year under review, all Directors have participated in continuous professional development by attending seminars or trainings or studying relevant materials on the topics related to corporate governance and regulations. The Directors confirmed that they have complied with code provision A.6.5 of the CG Code.

REMUNERATION COMMITTEE

The remuneration committee was established in October 2005 with written terms of reference in compliance with the CG Code. During the year under review, the remuneration committee comprised of three members, namely Mr. Zhao Boxiang, Mr. Liu Zhongli and Ms. Huang Liqiong. All of them were INEDs. The chairman of remuneration committee is Mr. Zhao Boxiang.

The role and function of the remuneration committee included the determination of, with delegated responsibility, the remuneration packages of all executive Directors, including benefits in kind, pension rights and compensation payments, any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board of the remuneration of non-executive Directors. The remuneration committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration.

The remuneration committee held two meetings during the year under review to review the terms of employment of the executive Directors, the remuneration of staff and the terms of appointment of the INEDs. Details of the attendance of the remuneration committee meetings are as follows:

Remuneration Committee members	Attendance/Number of Meetings eligible to attend
Independent non-executive Directors	
Mr. Zhao Boxiang *(Chairman)*	2/2
Mr. Liu Zhongli	2/2
Ms. Huang Liqiong	2/2

The remuneration committee of the Company considers that the existing terms of employment of the executive Directors and appointment terms of the INEDs are fair and reasonable.

NOMINATION COMMITTEE

The Company established a nomination committee on 29 March 2012 with written terms of reference in compliance with the CG Code. During the year under review, the nomination committee comprised four members, namely Mr. Gao Liang, Mr. Zhao Boxiang, Mr. Liu Zhongli and Ms. Huang Liqiong. One of them is an executive Director and the Chairman of the Board and the other three are INEDs. The chairman of the nomination committee is Mr. Gao Liang.

The role and function of the nomination committee included the review of structure, size and composition of the Board, making recommendations on any proposed changes to the Board, and to consider the past performance and qualifications of Directors, general market conditions and the Articles of Association in selecting and recommending candidates for directorship.

The nomination committee held two meetings during the year under review to review the annual confirmation of independence submitted by the INEDs and assessing their independence; review the structure, size and composition of the Board, making recommendations on the change of Board members and reviewing the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy. Details of the attendance of the nomination committee meetings are as follows:

Nomination Committee members	Attendance/Number of Meetings eligible to attend
Executive Director	
Mr. Gao Liang *(Chairman)*	2/2
Independent non-executive Directors	
Mr. Zhao Boxiang	2/2
Mr. Liu Zhongli	2/2
Ms. Huang Liqiong	2/2

DIRECTOR NOMINATION POLICY

The director nomination policy of the Company provides guidance in relation to the proposal for the appointment or re-appointment of the Directors or to fill casual vacancies and sets out the processes and criteria for the nomination of a candidate for directorship in the Company. The policy contains several factors to which the nomination committee of the Company has to adhere when considering nominations. These factors include the candidate's skills and experience, diversity perspectives set out in the board diversity policy of the Company, the candidate's time commitment and integrity, and the independence criteria under Rule 3.13 of the Listing Rules (if the candidate is proposed to be appointed as an INED).

BOARD DIVERSITY POLICY

The board diversity policy of the Company sets out the approach to achieve diversity of the Board. It provides that selection of candidates during nomination process will be based on a range of diversity perspectives. These perspectives include but not be limited to gender, age, cultural and educational background, professional experience, skills, and knowledge.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the CG Code. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of the Group. The audit committee comprised of three members, namely Ms. Huang Liqiong, Mr. Zhao Boxiang and Mr. Liu Zhongli. All of them were INEDs. The chairperson of the audit committee during 2020 is Ms. Huang Liqiong.

The audit committee held three meetings during the year under review. Details of the attendance of the audit committee meetings are as follows:

Audit Committee members	**Attendance/Number of Meetings eligible to attend**
Independent non-executive Directors	
Ms. Huang Liqiong *(Chairperson)*	3/3
Mr. Zhao Boxiang	3/3
Mr. Liu Zhongli	3/3

The following is a summary of the work performed by the audit committee in 2020:

– Review of the report from the external auditor on the audit of the final results of the Group for the year ended 31 December 2019;

– Review of the draft financial statements of the Group for the year ended 31 December 2019;

– Review of the draft results announcement and annual report of the Group for the year ended 31 December 2019;

– Review of the external auditor's independence and transmission of a recommendation to the Board for the re-appointment of the external auditor at the forthcoming AGM;

– Review of the draft results announcement and interim report of the Group for the period ended 30 June 2020;

– Debriefed the internal control work on a periodic basis to urge improvement; and

– Debriefed and discussed with the senior management and the external auditor on the progress of the audit work performed by the external auditor.

The Group's audited annual results for the year ended 31 December 2019 and the unaudited interim results for the six months ended 30 June 2020 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure had been made.

AUDITOR'S REMUNERATION

For the year ended 31 December 2020, the fees paid or payable in respect of audit and non-audit services provided by the Group's external auditor, RSM Hong Kong amounted to approximately RMB2,400,000 and RMB25,000 respectively.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR ACCOUNTS

The responsibilities of the Directors for the accounts and the responsibilities of the external auditor to the Shareholders are set out on pages 38 to 40.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal control and risk management systems (the "Systems") over the Group's assets and Shareholders' interests, as well as for reviewing the Systems' effectiveness. The Systems are designed to provide reasonable, but not absolute, assurance against misstatement or loss, and to manage risks of failure in the Group's operational systems. The Systems include a well-established organisational structure with clearly defined lines of responsibility and authority, which is designed to safeguard assets from inappropriate use, maintain proper accounts and ensure compliance with regulations.

The Board, together with the audit committee and internal audit functions, regularly assesses the effectiveness of the Systems, and ensures that the management comes out its duty by establishing and maintaining effective and adequate Systems.

For the year ended 31 December 2020, the Board's audit committee and the Group's internal audit team, with the assistance of the management, conducted a review of the Systems and assessed the effectiveness of the Systems by taking into account the reviews by its auditor. Based on the above review, the Board considers that the Systems are generally appropriate.

COMPANY SECRETARY

As at 31 December 2020, the company secretary of the Company, Mr. Terence Sin Yuen Ko, fulfilled the requirement under Rules 3.28 and 3.29 of the Listing Rules. As an employee of the Company, the company secretary supports the Board, ensures good information flow within the Board and Board policy and procedures are followed; advises the Board on governance matters, facilitates induction and monitors the training and continuous professional development of Directors. He has attained not less than 15 hours of relevant professional training during the period under review. His biography is set out in the "Directors and Senior Management" section of this annual report.

COMMUNICATION WITH SHAREHOLDERS

The Company places high priority in establishing effective communications with its Shareholders and investors. To promote and enhance investor relations and communications, the Company has established and maintained communication channels with the media, analysts and fund managers through one-on-one meetings, road shows and conference.

The Company provides information relating to the Company and its business in its annual report and also disseminates such information electronically through its website at www.chinahaisheng.com.

The Company regards the AGM as an important event as it provides an opportunity for direct communications between the Board and its Shareholders. All Directors, senior management and external auditor make an effort to attend the AGM of the Company to address Shareholders' queries. All the Shareholders of the Company are given a minimum of 20 clear business days' notice of the date and venue of the AGM of the Company. The Company supports the CG Code's principle to encourage Shareholders' participation.

A Shareholders' communication policy (the "Policy") was adopted by the Company in March 2012 to maintain an on-going dialogue with Shareholders and encourage them to communicate actively with the Company and also establishing the Policy and reviewing the Policy on a regular basis to ensure its effectiveness.

SHAREHOLDERS' RIGHT

Right to convene extraordinary general meeting

In accordance with Article 58 of the Articles of Association, the Shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to the requisitionists by the Company.

Right to put forward proposals at general meetings

There are no provisions allowing Shareholders to move new resolutions at the general meetings under the Companies Law, Chapter 22 (law 3 of 1961, as consolidated and revised) of the Cayman Islands. However, pursuant to the Articles of Association, Shareholders who wish to move a resolution may by means of requisition convene an extraordinary general meeting following the procedure set out above.

Right to put enquiries to the Board

Shareholders may at any time send their written enquiries or requests in respect of their rights to the principal place of business of the Company in Hong Kong at Room B, 3/F., Eton Building, 288 Des Voeux Road Central, Central, Hong Kong, for the attention of the Board.

INVESTOR RELATIONS

There was no significant change in the Company's constitutional documents during the year under review.

DIVIDEND POLICY

The dividend policy of the Company sets out the guidelines and factors to be considered by the Board to determine whether to pay a dividend and the level of such dividend to be paid. The factors include but not limited to the financial performance of the Group, economic conditions, liquidity position and capital requirements of the Group.

Directors' Report

The directors (the "Directors") of China Haisheng Juice Holdings Co., Ltd. (the "Company") are pleased to present the annual report and the audited consolidated financial statements for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its subsidiaries are (i) manufacture and sale of fruit juice concentrate and other related products, and (ii) plantation and sale of apple saplings, apples and other fruits. The activities of its principal subsidiaries are set out in note 42(a) to the consolidated financial statements.

BUSINESS REVIEW

Details of a fair review of the Company's business, key financial performance indicators and possible future developments of the Group during the year under review are provided in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" in this annual report. Details of corporate governance are set out in the section headed "Corporate Governance Report" in this annual report. A discussion on the Group's environmental policies and performance, the key relationships with its employees, customers and suppliers and others that have a significant impact on the Group are provided in the section headed "Environmental, Social and Governance Report". These sections form part of this Directors' Report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on page 41 of this annual report. The Board does not recommend any payment of a final dividend for the year ended 31 December 2020.

PROPERTY, PLANT AND EQUIPMENT

During the year under review, the Group incurred capital expenditure of RMB1,138.2 million in the acquisition of property, plant and equipment which mainly comprised buildings and cultivation equipment and facilities. Details of movements in the property, plant and equipment of the Group are set out in note 18 to the consolidated financial statements.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the year ended 31 December 2020 and the past four financial years is set out on page 3 of this annual report. This summary does not form a part of the audited consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year under review are set out in note 33 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in reserves of the Group during the year under review are set out in the consolidated statement of changes in equity on page 44.

The Company's reserves available for distribution represent the share premium, contributed surplus and retained profits/(accumulated losses) which in aggregate amounted to approximately RMB682.5 million as at 31 December 2020. Under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its memorandum and articles of association and provided that immediately following the distribution or dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's articles of association (the "Articles of Association"), dividends shall be distributed out of the retained profits or other reserves, including the share premium account, of the Company.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

DIRECTORS

The Directors during the year under review were:

Executive Directors:
Mr. Gao Liang *(Chairman)*
Mr. Wang Junqing
Mr. Wang Yasen
Mr. Qu Binglian *(appointed on 5 February 2021)*
Mr. Wang Linsong *(resigned on 4 February 2021)*

Independent non-executive Directors:
Ms. Huang Liqiong
Mr. Zhao Boxiang
Mr. Liu Zhongli

Pursuant to Article 86(3) of the Articles of Association, Mr. Qu Binglian (appointed on 5 Febraury 2021) will retire and, being eligible, offer himself for re-election at the forthcoming annual general meeting of the Company. Pursuant to Article 87(1) of the Articles of Association, Mr. Wang Yasen and Mr. Liu Zhongli will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-election. The INEDs are subject to retirement by rotation in the same manner as the executive Directors. The biographical details of the Directors are set out on pages 18 to 20 of this annual report.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the INEDs to be independent.

DIRECTORS' SERVICE CONTRACTS

Mr. Gao Liang entered into the first service agreement with the Company for a term of three years on 19 October 2005 and the service agreement has been renewed for several times. The existing contract is for a term of three years (subject to the termination provisions of the service contract) commencing from 19 October 2020. Mr. Wang Yasen and Mr. Wang Junqing have entered into service agreements with the Company for a term of three years, which commenced from 27 September 2019 and 14 November 2019, respectively. Mr. Qu Binglian has entered into a service agreement with the Company for a term of three years commenced from 5 February 2021.

Mr. Zhao Boxiang has entered into the first letter of appointment with the Company for a term of three years on 19 October 2005 and the letter of appointment has been renewed several times. The existing letter of appointment is for a term of three years commencing on 19 October 2020. Mr. Liu Zhongli have entered into a letter of appointment with the Company for an initial term of three years commencing from 6 July 2020. Ms. Huang Liqiong has entered into a letter of appointment with the Company for an initial term of three years commencing from 3 December 2019.

Save as disclosed above, none of the Directors proposed for re-election at the forthcoming annual general meeting has entered into a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

STAFF AND REMUNERATION POLICIES

As at 31 December 2020, the Group had 2,940 (2019: 3,199) employees. The Group mainly determines staff remuneration in accordance with market terms and individual qualifications.

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

Details of Directors' emoluments and the five highest paid individuals of the Company for the year ended 31 December 2020 are set out in note 15 and note 14 to the consolidated financial statements, respectively.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE GROUP'S BUSINESS

No transactions, arrangements and contracts of significance to which the Company's subsidiaries was a party and in which a Director of the Company and the Director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year under review.

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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year under review was the Company, its subsidiaries or its other associated corporations a party to any arrangement to enable the Directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its specified undertakings or other associated corporation.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the year under review.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain in or about the execution of their duty in their offices or otherwise in relation thereto. Such permitted indemnity provision has been in force throughout the year ended 31 December 2020. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Company for the year ended 31 December 2020.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company subsisted at the end of the year or at any time during the year under review.

SHARE OPTION SCHEME

For the year ended 31 December 2020, the Company had not implemented any share option scheme.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

As at 31 December 2020, 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 (Note 3)
Mr. Gao Liang	The Company	Beneficial owner	8,600,000 ordinary shares	0.67%
		Interest of controlled corporation	459,061,238 ordinary shares (Note 1)	35.59%
		Interest of spouse	4,724,660 ordinary shares (Note 2)	0.37%
			472,385,898 ordinary shares	36.63%

Notes:

1. As at 31 December 2020, 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 31 December 2020, the 4,724,660 shares 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 4,724,660 shares held by Ms. Xie Haiyan.

3. The percentage was compiled based on the total number of issued shares of the Company as at 31 December 2020 (i.e. 1,289,788,000 ordinary shares).

Save as disclosed above, as at 31 December 2020, none of the Directors and chief executive (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company, its specified undertakings and its associated corporations required to be disclosed pursuant to section 352 of the SFO and the Hong Kong Companies Ordinance (Cap. 622), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2020, so far as known to the Directors and chief executive of the Company, the following persons or parties (other than Directors or chief executive of the Company), had interests or short positions in the shares and underlying shares of the Company which were required to be notified 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 were as follows:

Long position

Name	Capacity	Number and class of securities directly or indirectly held	Approximate percentage of shareholding (Note 4)
Ms. Xie Haiyan	Interest of spouse	467,661,238 ordinary shares (Note 1)	36.26%
	Beneficial owner	4,724,660 ordinary shares	0.37%
		472,385,898 ordinary shares	36.63%
Think Honour	Beneficial owner	459,061,238 ordinary shares (Note 2)	35.59%
Tiandi Yihao Beverage Co., Ltd.	Interest of controlled corporation	227,996,000 ordinary shares (Note 3)	17.68%
Shenzhen Tiandi Win-Win Investment Management Co., Limited	Interest of controlled corporation	227,996,000 ordinary shares (Note 3)	17.68%
Tiandi Win-Win Investment Management Co., Limited	Beneficial owner	227,996,000 ordinary shares (Note 3)	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. The entire issued share capital of Think Honour was held by Mr. Gao Liang.

3. 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.

4. The percentage was compiled based on the total number of issued shares of the Company as at 31 December 2020 (i.e. 1,289,788,000 ordinary shares).

Save as disclosed above, as at 31 December 2020, 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.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2020, the Group had the following continuing connected transactions.

A non-wholly owned subsidiary of the Company, namely 陝西海升果業發展股份有限公司 (transliterated as Shaanxi Haisheng Fruit Juice Co., Ltd.*), ("Shaanxi Haisheng") and Tiandi Yihao Beverage Co., Ltd. ("Tiandi Yihao Beverage") had entered into a framework agreement on 12 January 2016 (the "2016 Framework Agreement"). At the material time, Tiandi Yihao Beverage was an independent third party and not a connected person of the Company pursuant to the Listing Rules.

On 30 March 2016, Tiandi Win-Win Investment Management Co., Limited ("Hong Kong Tiandi"), an indirect wholly-owned subsidiary of Tiandi Yihao Beverage, became interested in 18.06% of the issued share capital of the Company. As such, Tiandi Yihao Beverage became a connected person of the Company since 30 March 2016. The sale of juice concentrate pursuant to the 2016 Framework Agreement thereafter constituted continuing connected transactions. Further details of the above transaction was disclosed in the Company's announcement dated 6 April 2017.

On 3 January 2020, the Company, through Shaanxi Haisheng, enter into a framework agreement with Tiandi Yihao Beverage (the "2020 Framework Agreement") to renew the terms of the relevant continuing connected transactions. Pursuant to the 2020 Framework Agreement, Tiandi Yihao Beverage agreed to purchase fruit juice concentrates from Shaanxi Haisheng, and Shanni Haisheng agreed to sell fruit juice concentrates to Tiandi Yihao. The 2020 Framework Agreement had been approved by the Shareholders at the extraordinary general meeting of the Company held on 3 January 2020.

Pursuant to the 2020 Framework Agreement, the maximum annual transaction amount payable by Tiandi Yihao Beverage are set out as follows:

Period	Annual Cap (RMB)
From 1 January 2020 to 31 December 2020	49,800,000

The actual transaction amount during the year ended 31 December 2020 was approximately RMB11,627,000 which is within the annual cap stated above.

The Company's auditor was engaged to report on the Group's above continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the HKICPA. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The INEDs have reviewed the above continuing connected transactions and confirmed that these continuing connected transactions have been entered into:

(1) in the ordinary course and usual course of business of the Group;

(2) on normal commercial terms or terms no less favourable to the Group than terms available to or from independent third parties; and

(3) in accordance with the relevant agreement governing them on the terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

* *For identification purpose only*

During the year ended 31 December 2020, the Group had the following connected transactions.

(1) On 17 March 2020, 陝西超越農業有限公司 (transliterated as Shaanxi Chaoyue Agriculture Company Limited*) ("Shaanxi Chaoyue"), a non-wholly-owned subsidiary of the Group, entered into a joint venture agreement (the "JV Agreement I") with 寧縣聚農蘋果產業資金專業合作社 (transliterated as Ningxian Junong Apple Industry Fund Professional Cooperative*) ("Ningxian Junong"), 寧縣金農農業扶貧開發有限公司 (transliterated as Ningxian Jinnong Agriculture Poverty Alleviation and Development Co., Ltd.*) ("Ningxian Jinnong") and Fruit Industry Bureau of Ning County (寧縣果業局) ("the Fruit Industry Bureau") in relation to the formation of the a joint venture company (the "JV Company I") in Ning Xian, Gansu Province, the PRC with a registered capital of RMB50 million (the "Formation of JV I").

    Pursuant to the terms of the JV Agreement I, each of Shaanxi Chaoyue, Ningxian Junong, Ningxian Jinnong and the Fruit Industry Bureau will contribute RMB39 million, RMB2 million, RMB3 million and RMB6 million, respectively, to the registered capital of the JV Company I. Upon the completion of the Formation of JV I, it will be owned as to 78% by Shaanxi Chaoyue, 4% by Ningxian Junong, 6% by Ningxian Jinnong and 12% by the Fruit Industry Bureau, respectively.

    As at the date of the JV Agreement I, Ningxian Junong is a substantial shareholder of an indirect non-wholly subsidiary of the Company. Accordingly, Ningxian Junong is a connected person at the subsidiary level of the Company pursuant to Chapter 14A of the Listing Rules. The entering into of the JV Agreement I and the transactions as contemplated thereunder constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

    Further details of the Formation of JV I are set out in the announcements of the Company dated 17 March 2020 and 19 March 2020.

(2) On 7 May 2020, 威寧超越農業有限公司 (transliterated as Weining Chaoyue Agriculture Company Limited*) ("Weining Chaoyue"), a non-wholly-owned subsidiary of the Group, entered into a joint venture agreement (the "JV Agreement II") with 昭通市昭陽區農業投資發展有限公司 (transliterated as Zhaotong Zhaoyang Agricultural Investment Development Co., Ltd.*) ("Zhaoyang Agriculture") in relation to the formation of a joint venture company (the "JV Company II") in Zhaoyang District, Zhaotong City, Yunnan Province, the PRC with a registered capital of RMB50 million (the "Formation of JV II").

    Pursuant to the terms of the JV Agreement II, each of Weining Chaoyue and Zhaoyang Agriculture will contribute RMB15 million and RMB35 million, respectively, to the registered capital of the JV Company. Upon the completion of the Formation of JV II, it will be owned as to 30% by Weining Chaoyue and 70% by Zhaoyang Agriculture, respectively.

    As at the date of the JV Agreement II, Zhaoyang Agriculture is a substantial shareholder of an indirect non-wholly subsidiary of the Company. Accordingly, Zhaoyang Agriculture is a connected person at the subsidiary level of the Company pursuant to Chapter 14A of the Listing Rules. The entering into of the JV Agreement II and the transactions as contemplated thereunder constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

    Further details of the Formation of JV II are set out in the announcement of the Company dated 7 May 2020.

* *For identification purposes only*

(3) On 23 December 2020, Shaanxi Chaoyue, 中央企業貧困地區河南產業投資基金(有限合夥) (transliterated as Central Enterprise Poverty Area Henan Industrial Investment Fund*) ("Henan Fund"), 洛寧縣永豐現代農業投資開發有限公司 (transliterated as Luoning City Yongfeng Modern Agricultural Investment and Development Company Limited*) ("Luoning Yongfeng") and 洛寧超越農業有限公司 (transliterated as Luoning Chaoyue Agriculture Company Limited*) (the "Target Company") entered into a capital increase agreement, pursuant to which the registered capital of the Target Company will be increased from approximately RMB24.77 million to approximately RMB29.02 million, of which (i) Shaanxi Chaoyue has agreed to increase its capital contribution to the registered capital of the Target Company from approximately RMB14.22 million to approximately RMB14.52 million at the consideration of RMB1.50 million, and (ii) Luoning Yongfeng has agreed to make a capital contribution to the registered capital of the Target Company of approximately RMB3.95 million and additional approximately RMB16.05 million as the Target Company's capital reserves ("the Proposed Capital Increase").

As at the date of the capital increase agreement and before the completion of the Proposed Capital Increase, the Target Company is a joint venture company held as to 57.41% by Shaanxi Chaoyue and 42.59% by Henan Fund. Upon the completion of the Proposed Capital Increase, each of Shaanxi Chaoyue, Henan Fund and Luoning Yongfeng will hold approximately 50.03%, 36.35% and 13.62% equity interest in the Target Company, respectively.

As at the date of the capital increase agreement, Luoning Yongfeng is a substantial shareholder of an indirect non-wholly subsidiary of the Company. Accordingly, Luoning Yongfeng is a connected person at the subsidiary level of the Company pursuant to Chapter 14A of the Listing Rules. The entering into of the capital increase agreement and the transactions as contemplated thereunder constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

Further details of the Proposed Capital Increase are set out in the announcements of the Company dated 23 December 2020 and 29 December 2020.

Other than the above, there was no connected transaction or continuing connected transaction entered into by the Group during the year under review.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2020, the Group also entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards as set out in note 40 to the consolidated financial statements. All the related parties transactions described in this note do not fall under the definition of "connected transaction" or "continuing connected transaction" under the Listing Rules.

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the year ended 31 December 2020.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures have been enhanced to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. The Board to monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time. As far as the Company is aware, the Group has complied in material respects with the relevant laws and regulations which have a significant impact on the business and operations of the Company during the year ended 31 December 2020.

* *For identification purposes only*

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers in aggregate accounted for approximately 20.0% of the Group's total revenue and the largest customer accounted for approximately 5.9% of the Group's total revenue for the year 2020. The five largest suppliers in aggregate accounted for approximately 14.3% of the Group's total purchases and the largest supplier accounted for approximately 5.0% of the Group's total purchases for the year ended 31 December 2020.

None of the Directors, their close associates, or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) has any interest in the Group's five largest suppliers or the Group's five largest customers.

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Group as at 31 December 2020 are set out in note 29 to the consolidated financial statements.

CHARITABLE DONATIONS

The Group had no charitable donations during the year ended 31 December 2020.

AUDIT COMMITTEE

The Company's audit committee comprised three independent non-executive Directors, namely Ms. Huang Liqiong (Chairperson), Mr. Zhao Boxiang and Mr. Liu Zhongli, with written terms of reference in compliance with the Corporate Governance Code contained in Appendix 14 of the Listing Rules. The audit committee has reviewed and discussed the audited final results for the year ended 31 December 2020.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained a sufficient public float of at least 25% throughout the year ended 31 December 2020.

ANNUAL GENERAL MEETING

The annual general meeting will be held on 28 May 2021. The notice of the annual general meeting will be published and despatched to the shareholders of the Company together with this annual report.

EVENTS AFTER THE REPORT PERIOD

There is no significant events occured after the reporting period.

AUDITOR

The consolidated financial statements for the year ended 31 December 2020 were audited by RSM Hong Kong.

At the Company's last annual general meeting, RSM Hong Kong was re-appointed as auditor of the Company.

RSM Hong Kong retires and, being eligible, offers itself for re-appointment. A resolution will be proposed at the forthcoming annual general meeting to re-appoint RSM Hong Kong as auditor of the Company.

On behalf of the Board
China Haisheng Juice Holdings Co., Ltd.
Mr. Gao Liang
Chairman

X'ian, the PRC
30 March 2021

Independent Auditor's Report

RSM

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TO THE SHAREHOLDERS OF
CHINA HAISHENG JUICE HOLDINGS CO., LTD.
中國海升果汁控股有限公司
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Haisheng Juice Holdings Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 41 to 114, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately RMB107,519,000 during the year ended 31 December 2020 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB2,436,014,000. As stated in Note 2, these conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below as the key audit matter to be communicated in our report. The key audit matter we identified is the impairment assessment of property, plant and equipment, right-of-use assets and bearer plants.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of property, plant and equipment, right-of-use assets and bearer plants. Refer to notes 5(c), 18, 19 and 20 to the consolidated financial statements. As at 31 December 2020, included in the Group's consolidated statement of financial position were property, plant and equipment, right-of-use assets and bearer plants of approximately RMB4,692,137,000, RMB1,997,575,000 and RMB2,053,820,000 respectively. Management has performed impairment assessment on these assets by estimating the value in use of the cash-generating units ("CGUs"), namely fruit juice operation and agriculture operation, to which these assets belong. Impairment losses for property, plant and equipment and right-of-use assets of fruit juice operation of approximately RMB25,597,000 and RMB12,610,000, respectively, were recognised in profit or loss during the year. An independent external valuation was obtained in order to support management's estimate. The value in use calculations required significant management judgement in respect of estimated future cash flows expected to arise from the CGUs and other economic assumptions such as discount rates.	Our procedures in relation to management's impairment assessment included: – Assessing the integrity of the value in use models; – Challenging the reasonableness of management's key assumptions based on our knowledge of the business and industry; – Checking input data to supporting evidence including approved budgets and considering the accuracy of management's past budgets; – Assessing the appropriateness of the discount rates adopted by management with the assistance of our internal valuation specialists; and – Performing sensitivity analysis to assess the impact of reasonably possible changes in key assumptions on the value in use calculations.

OTHER INFORMATION

The directors are responsible for the Other Information. The Other Information comprises all the information in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Ng Wai Kwun.

RSM Hong Kong
Certified Public Accountants

30 March 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Note	2020 RMB'000	2019 RMB'000
Revenue	7	**1,195,126**	1,231,571
Cost of sales		**(1,143,270)**	(1,157,048)
Gross profit		**51,856**	74,523
Other income	8	**217,072**	298,916
Other gains and losses	9	**(8,819)**	(10,621)
Impairment losses for trade receivables	6(b)	**(7,401)**	(3,071)
Impairment losses for property, plant and equipment	18	**(25,597)**	–
Impairment losses for right-of-use assets	19	**(12,610)**	–
Change in fair value due to biological transformation	23	**392,785**	335,745
Distribution and selling expenses		**(225,366)**	(285,796)
Administrative expenses		**(272,258)**	(259,621)
Other expenses		**(20,736)**	(8,024)
Profit from operations		**88,926**	142,051
Finance costs	11	**(181,523)**	(155,211)
Share of losses of associates		**(7,063)**	(296)
Share of loss of a joint venture		**(528)**	–
Loss before tax		**(100,188)**	(13,456)
Income tax expense	12	**(7,331)**	(9,455)
Loss for the year	13	**(107,519)**	(22,911)
Other comprehensive income:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**181**	45
Other comprehensive income for the year, net of tax		**181**	45
Total comprehensive income for the year		**(107,338)**	(22,866)
Loss for the year attributable to:			
Owners of the Company		**(156,825)**	(64,591)
Non-controlling interests		**49,306**	41,680
		(107,519)	(22,911)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(156,644)**	(64,546)
Non-controlling interests		**49,306**	41,680
		(107,338)	(22,866)
Loss per share	17		
Basic (Renminbi cents per share)		**(12.16)**	(5.01)
Diluted (Renminbi cents per share)		**(12.16)**	(5.01)

Consolidated Statement of Financial Position

At 31 December 2020

	Note	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	18	**4,692,137**	3,655,665
Right-of-use assets	19	**1,997,575**	1,843,999
Bearer plants	20	**2,053,820**	1,504,886
Investments in associates	21	**15,879**	7,453
Investment in a joint venture	22	**500**	–
Biological assets	23	**85,686**	69,336
Prepayments for acquisition of bearer plants		**37,780**	30,156
Deposits for acquisition of property, plant and equipment		**225,482**	30,598
Total non-current assets		**9,108,859**	7,142,093
CURRENT ASSETS			
Biological assets	23	**42,592**	40,679
Inventories	24	**730,133**	780,393
Trade and other receivables	25	**530,210**	408,349
Due from related companies	26	**164**	164
Restricted bank deposits	27	**60,085**	144,320
Cash and cash equivalents	27	**226,262**	170,972
Total current assets		**1,589,446**	1,544,877
CURRENT LIABILITIES			
Trade and other payables	28	**1,860,272**	1,469,646
Bills payables		**79,675**	186,000
Current tax liabilities		**780**	1,221
Dividend payable to non-controlling shareholders of a subsidiary		**63**	63
Bank and other borrowings	29	**1,956,578**	1,422,631
Lease liabilities	30	**113,781**	185,866
Deferred government grants	31	**14,311**	15,134
Total current liabilities		**4,025,460**	3,280,561
Net current liabilities		**(2,436,014)**	(1,735,684)
Total assets less current liabilities		**6,672,845**	5,406,409

Consolidated Statement of Financial Position

At 31 December 2020

	Note	2020 RMB'000	2019 RMB'000
NON-CURRENT LIABILITIES			
Bank and other borrowings	29	**3,015,063**	2,178,795
Lease liabilities	30	**1,217,211**	986,752
Deferred government grants	31	**215,045**	213,986
Deferred tax liabilities	32	**34,129**	31,536
Total non-current liabilities		**4,481,448**	3,411,069
NET ASSETS		**2,191,397**	1,995,340
CAPITAL AND RESERVES			
Equity attributable to owners of the Company			
Share capital	33	**13,296**	13,296
Reserves	35	**1,004,709**	1,162,422
		1,018,005	1,175,718
Non-controlling interests		**1,173,392**	819,622
TOTAL EQUITY		**2,191,397**	1,995,340

Approved by the Board of Directors on 30 March 2021 and are signed on its behalf by:

Gao Liang	**Wang Junqing**
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Attributable to owners of the Company									
	Share capital	Share premium (note 35(b)(i))	Special reserve (note 35(b)(iii))	Translation reserve (note 35(b)(iv))	Statutory surplus reserve (note 35(b)(v))	Other reserve (note 35(b)(vi))	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019	13,296	212,838	258,722	(191)	220,098	(13,426)	548,927	1,240,264	580,447	1,820,711
Total comprehensive income for the year	–	–	–	45	–	–	(64,591)	(64,546)	41,680	(22,866)
Capital contributions from non-controlling interests	–	–	–	–	–	–	–	–	201,528	201,528
Dividend paid to a non-controlling shareholder	–	–	–	–	–	–	–	–	(4,033)	(4,033)
Appropriations from retained profits	–	–	–	–	25,862	–	(25,862)	–	–	–
Changes in equity for the year	–	–	–	45	25,862	–	(90,453)	(64,546)	239,175	174,629
At 31 December 2019 and 1 January 2020	13,296	212,838	258,722	(146)	245,960	(13,426)	458,474	1,175,718	819,622	1,995,340
Total comprehensive income for the year	–	–	–	181			(156,825)	(156,644)	49,306	(107,338)
Capital contributions from non-controlling interests	–	–	–	–	–	–	–	–	287,200	287,200
Change in ownership interest in a subsidiary without loss of control	–	–	–	–	–	(1,069)	–	(1,069)	19,069	18,000
Dividend paid to a non-controlling shareholder	–	–	–	–	–	–	–	–	(1,805)	(1,805)
Appropriations from retained profits	–	–	–	–	21,620	–	(21,620)	–	–	–
Changes in equity for the year	–	–	–	181	21,620	(1,069)	(178,445)	(157,713)	353,770	196,057
At 31 December 2020	13,296	212,838	258,722	35	267,580	(14,495)	280,029	1,018,005	1,173,392	2,191,397

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Note	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(100,188)**	(13,456)
Adjustments for:			
Depreciation of property, plant and equipment	13	**63,445**	45,729
Depreciation of right-of-use assets	13	**38,442**	36,201
Depreciation of bearer plants	20	**14,964**	4,054
Write off of bearer plants	13	**7,654**	71
Write off of biological assets	23	**13,140**	14,583
Write off of property, plant and equipment	13	**1,174**	668
Write off of inventories	13	**7,887**	346
Change in fair value due to biological transformation	23	**(392,785)**	(335,745)
Early extinguishment of leases		**(422)**	–
Finance costs	11	**181,523**	155,211
Interest income	8	**(3,099)**	(1,214)
Amortisation of deferred government grants	31	**(22,198)**	(14,039)
Loss on disposals of property, plant and equipment	9	**7,549**	3,139
Gain on disposals of saplings other than apple saplings	9	**(8,035)**	(4,036)
Allowance/(reversal of allowance) for inventories	13	**14,375**	(11,486)
Impairment losses for trade receivables		**7,401**	3,071
Impairment losses for other receivables	13	**1,798**	14,468
Share of losses of associates		**7,063**	296
Share of loss of a joint venture		**528**	–
Impairment losses for property, plant and equipment	18	**25,597**	–
Impairment losses for right-of-use assets	19	**12,610**	–
Operating loss before working capital changes		**(121,577)**	(102,139)
Decrease in inventories		**788,484**	630,731
(Increase)/decrease in trade and other receivables		**(173,206)**	6,556
Increase in biological assets		**(391,446)**	(280,512)
Increase in trade and other payables		**232,061**	285,016
Decrease in bills payables		**(106,325)**	(249,452)
Increase in deferred government grants		**22,434**	71,313
		250,425	361,513
Cash generated from operations			
Income taxes paid		**(5,179)**	(3,786)
Interest on lease liabilities		**(22,022)**	(9,021)
Net cash generated from operating activities		**223,224**	348,706

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(1,162,451)**	(1,102,496)
Purchases of bearer plants	**(479,284)**	(502,348)
Payments for right-of-use assets	**(34,727)**	(117,908)
Decrease in restricted bank deposits	**84,235**	204,309
Interest received	**3,099**	1,214
Proceeds from disposals of property, plant and equipment	**7,247**	8,498
Proceeds from disposals of saplings other than apple saplings	**20,721**	7,900
Capital contribution to associates	**(15,490)**	–
Capital contribution to a joint venture	**(500)**	–
Net cash used in investing activities	**(1,577,150)**	(1,500,831)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank and other borrowings raised	**2,667,820**	2,935,574
Repayment of bank and other borrowings	**(1,313,807)**	(1,859,691)
Principal elements of lease payments	**(95,478)**	(144,918)
Capital contributions from non-controlling interests	**305,200**	201,528
Dividend paid to a non-controlling shareholder	**(1,805)**	(4,033)
Interest paid on bank and other borrowings	**(152,552)**	(116,456)
Net cash generated from financing activities	**1,409,378**	1,012,004
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**55,452**	(140,121)
Effect of foreign exchange rate changes	**(162)**	2,060
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**170,972**	309,033
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**226,262**	170,972
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	**226,262**	170,972

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1. GENERAL INFORMATION

China Haisheng Juice Holdings Co., Ltd. (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business in Hong Kong is Room B, 3rd Floor, Eton Building, 288 Des Voeux Road Central, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 42(a) to the consolidated financial statements. The Company and its subsidiaries are collectively referred to as the "Group".

The Group's principal operations are conducted in the People's Republic of China (the "PRC").

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"). IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

The Group incurred a net loss of approximately RMB107,519,000 during the year ended 31 December 2020 and, as of that date, the Group had net current liabilities of approximately RMB2,436,014,000. 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. Therefore, the Group may be unable to realise its assets and discharge its liabilities in normal course of business.

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 the bank borrowings as at 31 December 2020 that are repayable within the next 12 months are subject to renewal and the directors of the Company 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 and other 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 and other financial institutions 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 of the Company have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Further information on the Group's borrowings is given in note 29.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(a) Application of new and revised IFRSs

The Group has applied the Amendments to Reference to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements.

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business

Except as described below, the application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments had no impact on the consolidated financial statements.

Amendments to IFRS 3 Definition of a Business

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020. The application of the amendments had no impact on the consolidated financial statements.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

(b) New and revised IFRSs in issue but not yet effective

The Group has not applied any new and revised IFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2020. These new and revised IFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform-Phase 2	1 January 2021
Amendments to IFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16 Property, plant and equipment: proceeds before intended use	1 January 2022
Amendments to IAS 37 Onerous contracts-cost of fulfilling a contract	1 January 2022
Annual Improvements to IFRSs 2018-2020 Cycle	1 January 2022
Amendments to IAS 1 Classification of liabilities as current or non-current	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests ("NCI") represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. NCI are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. NCI are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the NCI having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the NCI are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, unless the investments are classified as held for sale (or included in a disposal group that is classified as held for sale).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill which is included in carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group has assessed the type of each of its joint arrangements and determined them to all be joint ventures.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Joint arrangements (Continued)

Investment in a joint venture is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of the investment over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is recorded as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group's share of a joint venture's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture and (ii) the Group's entire carrying amount of that joint venture (including goodwill) and any related accumulated translation reserve. If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional and presentation currency.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Foreign currency translation (Continued)

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the translation reserve.

(iii) Translation on consolidation

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

(e) Property, plant and equipment

Property, plant and equipment, including buildings, held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment (Continued)

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives/annual rates are as follows:

Buildings	Over the shorter of the term of the lease, and 20-40 years
Machinery	3.33% – 16.66%
Cultivation equipment and facilities	3.2% – 20%
Motor vehicles	10% – 20%
Office equipment	10% – 20%

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress represents buildings under construction and plant and equipment pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(f) Bearer plants

Bearer plants consist of mature trees and infant trees in the Group's plantations in the PRC. The role of the mature trees is to supply fruits through the processes of growth in each production cycle. The infant trees are held for transforming into mature trees.

Expenditures that are attributable to the biological growth of infant trees, such as deprecation charge and cost of fertilisers and pesticides, are recognised as additions to bearer plants until the stage such infant trees start bearing fruits.

Infant trees are undergoing biological transformation leading to them being able to produce fruits. Infant trees are carried at cost less any recognised impairment loss. Once infant trees become mature and productive, they will be transferred to the category of mature trees and depreciation commences. Mature trees are depreciated using straight-line method over their expected useful lives as follows:

Apple	25 years
Rootstock	20 years
Mulberry	20 years
Blueberry and cherry	17 years
Kiwi	20 years
Tangerine	25 years
Pear	25 years
Pomegranate	20 years
Others	20 years

Bearer plants are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal of the bearer plants is determined as the difference between the sales proceeds and carrying amount of the bearer plants and is recognised in profit and loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group as a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment/the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Leases (Continued)

The Group as a lessee (Continued)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of IFRS 16 and recognised the change in consideration as if it were not a lease modification.

(h) Biological assets

Biological assets comprise fresh fruit bunches and apple saplings before harvest in leased farms and are classified as current assets if they could be harvested within one year.

Biological assets are stated at fair value less costs to sell from initial measurement up to the point of harvest, except where fair value cannot be measured reliably due to unavailability of quoted market prices and no reliable alternative estimates exist to determine fair value, in which case the assets are held at cost less accumulated depreciation and impairment losses. Once the fair value becomes reliably measurable, the biological assets are measured at fair value less costs to sell and changes in fair value are recognised in the consolidated statement of profit or loss and other comprehensive income.

The infant trees and mature trees are presented and accounted for as bearer plants, see note 4(f). However, the fresh fruit bunches growing on the trees and apple saplings growing on leased farms are accounted for as biological assets until the point of harvest. Harvested fresh fruit bunches and apple saplings are transferred to inventories at fair value less costs to sell when harvested. Fair value at the point of harvest is based on the selling prices for similar fruits and apple saplings prevailing in the market as at or close to the harvest dates.

Costs to sell include the incremental selling costs, including auctioneers' fees, commission paid to brokers and dealers and estimated costs of transport to the market but excludes finance costs and income taxes.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("ECL") in accordance with the policy set out in note 4(z) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Contract assets and contract liabilities (Continued)

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(k) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(l) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at amortised cost.

Debt investments held by the Group are classified into the amortised cost measurement category, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECL.

(o) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(q) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the ECL model under IFRS 9; and

- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

(r) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(t) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from the sales of goods is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

(u) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group participates in a defined contribution retirement scheme organised by relevant local government authority in the PRC. Certain employees of the Group eligible to participate in the retirement scheme are entitled to retirement benefits from the scheme. The local government authority is responsible for the pension liabilities to these retired employees. The Group is required to make monthly contributions to the retirement scheme up to the time of retirement of the eligible employees, at 16% of the local standard basic salaries. No forfeited contributions have been used to reduce the level of contributions during the reporting period.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(w) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants relating to the purchase of assets are recorded as deferred income and recognised in profit or loss on a straight-line basis over the useful lives of the related assets.

Government grants relating to the free use of land and buildings for a specific period of time are assessed at the fair value of that right and accounted for both grant and right-of-use assets at that fair value. The grant is recognised in profit or loss on a straight-line basis over the useful lives of the right-of-use assets.

(x) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(y) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss and other comprehensive income to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the CGU.

Value in use is the present value of the estimated future cash flows of the asset/CGU. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/CGU whose impairment is being measured.

Impairment losses for CGUs are allocated pro rata amongst the assets of the CGU. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Impairment of financial assets

The Group recognises a loss allowance for ECL on trade receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) The financial instrument has a low risk of default;

(ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there are no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

– when there is a breach of financial covenants by the counterparty; or

– information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Impairment of financial assets (Continued)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

– significant financial difficulty of the issuer or the counterparty;

– a breach of contract, such as a default or past due event;

– the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;

– it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Impairment of financial assets (Continued)

Measurement and recognition of ECL (Continued)

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(aa) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(bb) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the continued support of the Group's bankers at a level sufficient to finance the working capital requirements of the Group. Details are explained in note 2 to the consolidated financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(a) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amount of property, plant and equipment as at 31 December 2020 was approximately RMB4,692,137,000 (2019: RMB3,655,665,000).

(b) Bearer plants and depreciation

The Group determines the estimated point of maturity, useful lives, residual values and related depreciation charges for the Group's bearer plants. This estimate is based on the historical experience of the point of maturity, actual useful lives and residual values of bearer plants of particular species. The Group will revise the depreciation charge where point of maturity, useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amount of bearer plants as at 31 December 2020 was approximately RMB2,053,820,000 (2019: RMB1,504,886,000).

(c) Impairment of property, plant and equipment, right-of-use assets and bearer plants

Property, plant and equipment, right-of-use assets and bearer plants are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the asset belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

The carrying amounts of property, plant and equipment, right-of-use assets and bearer plants as at 31 December 2020 were approximately RMB4,692,137,000 (2019: RMB3,655,665,000), RMB1,997,575,000 (2019: RMB1,843,999,000) and RMB2,053,820,000 (2019: 1,504,886,000) respectively, after impairment losses for property, plant and equipment and right-of-use assets of approximately RMB25,597,000 (2019: RMBNil) and RMB12,610,000 (2019: RMBNil) respectively.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(d) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. During the year, income tax of approximately RMB7,331,000 (2019: RMB9,455,000) was charged to profit or loss based on the estimated profit.

(e) Joint control assessment

The Group holds 66% of the voting rights of its joint arrangement of 瀘水海升農業有限公司 ("瀘水海升"). The directors have determined that the Group has joint control over the arrangement as under the contractual agreement, it appears that unanimous consent is required from all parties to the agreement for all relevant activities.

(f) Impairment of trade receivables

The management of the Group estimates the amount of impairment loss for ECL on trade receivables based on the credit risk of trade receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2020, the carrying amount of trade receivables was approximately RMB229,870,000 (2019: RMB175,030,000), net of allowance for doubtful debts of approximately RMB9,976,000 (2019: RMB3,280,000).

(g) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed. Allowance (2019: reversal of allowance) for slow-moving inventories of approximately RMB14,375,000 (2019: RMB11,486,000) was made for the year ended 31 December 2020.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in RMB, United States dollars ("USD") and Euro ("EUR"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

6. FINANCIAL RISK MANAGEMENT (Continued)

(a) Foreign currency risk (Continued)

Certain subsidiaries of the Company have foreign currency sales and purchases transactions, bank borrowings and bills payables, which expose the Group to foreign currency risk. Approximately 12% (2019: 12%) of the Group's sales by these subsidiaries are denominated in foreign currency, USD.

The carrying amounts of these subsidiaries' USD denominated monetary assets and liabilities at the end of the reporting period are as follows:

	2020	2019
	RMB'000	RMB'000
Assets		
Trade and other receivables	**15,525**	21,274
Bank and cash balances	**2,410**	6,123
	17,935	27,397
Liabilities		
Trade and other payables	**11,118**	20,341
Bank and other borrowings	**–**	4,600
	11,118	24,941
Net exposure	**6,817**	2,456

As at 31 December 2020, other receivables of subsidiaries denominated in EUR amounted to approximately RMB13,396,000 (2019: RMBNil). The Group is mainly exposed to the fluctuation of USD and EUR against RMB.

The following table details the Group's sensitivity to a 5% (2019: 5%) increase and decrease in RMB against USD and EUR. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rate. A positive number below indicates an increase in pre-tax loss where RMB strengthens 5% (2019: 5%) against USD and EUR and vice versa.

	2020	2019
	RMB'000	RMB'000
Loss before tax		
– USD	**341**	123
– EUR	**670**	–

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due ranging from 30 to 90 days from the date of billing. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2020:

	2020		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Neither past due nor impaired	0.4%	121,544	444
Up to 3 months past due	1.6%	87,605	1,444
3 to 6 months past due	13.4%	8,419	1,124
6 months to 1 year past due	37.1%	13,758	5,098
Over 1 year past due	21.9%	8,520	1,866
		239,846	9,976

6. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Trade receivables (Continued)

	2019		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Neither past due nor impaired	0.0%	130,328	35
Up to 3 months past due	0.6%	27,403	168
3 to 6 months past due	4.8%	7,979	382
6 months to 1 year past due	11.4%	7,250	826
Over 1 year past due	34.9%	5,350	1,869
		178,310	3,280

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account for trade receivables during the year is as follows:

	2020 RMB'000	2019 RMB'000
At 1 January	**3,280**	6,473
Impairment losses recognised for the year	**7,401**	3,071
Amounts written off during the year	**(705)**	(6,264)
At 31 December	**9,976**	3,280

The following significant changes in the gross carrying amounts and expected loss rate of trade receivables contributed to the increase in the loss allowance during 2020:

– origination of new trade receivables net of those settled resulted in an increase in loss allowance of approximately RMB7,404,000;

– Decrease in expected loss rate for days past due over 1 year resulted in decrease in loss allowance of approximately RMB3,000; and

– a write-off of trade receivables with a gross carrying amount of approximately RMB705,000 resulted in a decrease in loss allowance of approximately RMB705,000.

Other financial assets at amortised cost

The Group's other financial assets at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12-month expected losses. The financial assets are considered to be low credit risk when they have a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term.

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants. Adequate lines of credit are maintained to ensure necessary liquidity is available when required. With reference to the existing unutilised facilities and newly obtained facilities up to the date when the consolidated financial statements are authorised for issue and after taking into account of any possible re-financing arrangements, the directors of the Company consider the source of liquidity and capital for the daily operation are sufficient.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principle cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Specifically, bank and other borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment terms. The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	Weighted average interest rate	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2020							
Trade and other payables	**N/A**	**1,727,910**	**–**	**–**	**–**	**1,727,910**	**1,727,910**
Bills payables	**N/A**	**79,675**	**–**	**–**	**–**	**79,675**	**79,675**
Dividend payable to non-controlling shareholders of a subsidiary	**N/A**	**63**	**–**	**–**	**–**	**63**	**63**
Bank and other borrowings							
– fixed-rate	**4.21**	**1,813,134**	**676,038**	**294,320**	**291,459**	**3,074,951**	**2,558,629**
– variable-rate	**5.15**	**613,850**	**267,063**	**754,667**	**1,381,519**	**3,017,099**	**2,413,012**
Lease liabilities	**13.56**	**263,262**	**184,479**	**458,352**	**3,831,698**	**4,737,791**	**1,330,992**
		4,497,894	**1,127,580**	**1,507,339**	**5,504,676**	**12,637,489**	**8,110,281**
At 31 December 2019							
Trade and other payables	N/A	1,376,358	–	–	–	1,376,358	1,376,358
Bills payables	N/A	186,000	–	–	–	186,000	186,000
Dividend payable to non-controlling shareholders of a subsidiary	N/A	63	–	–	–	63	63
Bank and other borrowings							
– fixed-rate	4.68	1,118,953	499,911	803,862	–	2,422,726	2,162,605
– variable-rate	5.55	446,863	482,343	786,508	–	1,715,714	1,438,821
Lease liabilities	13.21	318,662	206,088	386,740	3,164,219	4,075,709	1,172,618
		3,446,899	1,188,342	1,977,110	3,164,219	9,776,570	6,336,465

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(d) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank and other borrowings, lease liabilities and bank balances carried at prevailing interest rates. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate bank and other borrowings and lease liabilities at the end of the reporting period. The analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

At 31 December 2020, if interest rates had been 50 basis points higher/lower with all other variables held constant, consolidated loss after tax for the year would have been approximately RMB11,621,000 (2019: RMB7,413,000) higher/lower, arising mainly as a result of higher/lower interest expense on bank and other borrowings and lease liabilities.

(e) Biological assets

The Group is exposed to a number of risks related to its fruit and apple sapling plantations:

(i) Regulatory and environmental risks

The Group is subject to laws and regulations in the jurisdiction in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

(ii) Supply and demand risks

The Group is exposed to risks arising from fluctuations in the price and sales volume of various type of fruits and apple saplings. Where possible the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis to ensure that the Group's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

(iii) Climate and other risks

The Group's fruit and apple sapling plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular health inspections and industry pest and disease surveys.

The fruit and apple sapling plantation business requires a high level of cash flow before fruits and apple saplings can be harvested and sold. The Group actively manages the working capital requirements and has secured sufficient credit facilities to meet the cash flow requirements.

6. FINANCIAL RISK MANAGEMENT (Continued)

(f) Categories of financial instruments at 31 December 2020

	2020 RMB'000	2019 RMB'000
Financial assets:		
Financial assets measured at amortised cost	**570,306**	554,026
Financial liabilities:		
Financial liabilities at amortised cost	**6,779,289**	5,163,847

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

(h) Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments.

	Gross amounts of recognised financial liabilities RMB'000	Gross amounts of recognised financial assets set off in the consolidated statement of financial position RMB'000	Net amounts of financial liabilities presented in the consolidated statement of financial position RMB'000
As at 31 December 2020			
Lease liabilities	**1,368,092**	**(37,100)**	**1,330,992**
As at 31 December 2019			
Lease liabilities	1,212,718	(40,100)	1,172,618

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

7. REVENUE

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

	2020	2019
	RMB'000	RMB'000
Sales of fruit juice concentrate and related products	**537,088**	750,913
Sales of apples and other fruits	**553,711**	396,184
Sales of apple saplings	**104,327**	84,474
	1,195,126	1,231,571

8. OTHER INCOME

	2020	2019
	RMB'000	RMB'000
Interest income on bank deposits	**3,099**	1,214
PRC government grants (note)	**186,265**	276,116
Amortisation of deferred government grants (note 31)	**22,198**	14,039
Others	**5,510**	7,547
	217,072	298,916

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

9. OTHER GAINS AND LOSSES

	2020	2019
	RMB'000	RMB'000
Gain on disposals of saplings other than apple saplings	**8,035**	4,036
(Loss)/gain on disposals of consumables	**(2,501)**	5,475
Net foreign exchange losses	**(10,752)**	(2,880)
Loss on disposals of property, plant and equipment	**(7,549)**	(3,139)
Other gain/(loss)	**3,948**	(14,113)
	(8,819)	(10,621)

10. 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 apple saplings, 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 those described in note 4 to the consolidated financial statements. Segment profits or losses do not include other income, share of loss of an associate, share of loss of a joint venture, 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.

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10. SEGMENT INFORMATION (Continued)

Information about operating segment profit or loss:

	Fruit juice operation		Agriculture operation		Total	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Segment revenue						
Revenue from external customers	537,088	750,913	658,038	480,658	1,195,126	1,231,571
Intersegment revenue	4,365	785	308	448	4,673	1,233
Reportable segment revenue	541,453	751,698	658,346	481,106	1,199,799	1,232,804
Less: intersegment revenue					(4,673)	(1,233)
Consolidated revenue					1,195,126	1,231,571
Segment results	(131,339)	(58,020)	40,105	(48,810)	(91,234)	(106,830)
Other income					217,072	298,916
Share of losses of associates					(7,063)	(296)
Share of loss of a joint venture					(528)	–
Unallocated amounts:						
Other gains and losses					3	(5)
Administrative expenses					(36,915)	(50,030)
Finance costs					(181,523)	(155,211)
Consolidated loss before tax					(100,188)	(13,456)
Depreciation of property, plant and equipment	33,893	31,424	23,998	8,565	57,891	39,989
Depreciation of bearer plants	–	–	14,964	4,054	14,964	4,054
Depreciation of right-of-use assets	29,815	33,772	8,010	1,858	37,825	35,630
Loss on disposals of property, plant and equipment	264	1,606	7,285	1,533	7,549	3,139
Change in fair value due to biological transformation	–	–	(392,785)	(335,745)	(392,785)	(335,745)
Gain on disposals of saplings other than apple saplings	–	–	(8,035)	(4,036)	(8,035)	(4,036)
Write off of bearer plants	–	–	7,654	71	7,654	71
Write off of biological assets	–	–	13,140	14,583	13,140	14,583
Allowance/(reversal of allowance) for inventories	14,375	(11,486)	–	–	14,375	(11,486)
Write off of inventories	–	346	7,887	–	7,887	346
Impairment losses for trade receivables	115	242	7,286	2,829	7,401	3,071
Impairment losses for other receivables	1,640	4,561	158	9,907	1,798	14,468
Write off of property, plant and equipment	147	216	1,027	452	1,174	668
Impairment losses for property, plant and equipment	25,597	–	–	–	25,597	–
Impairment losses for right-of-use assets	12,610	–	–	–	12,610	–

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.

10. SEGMENT INFORMATION (Continued)

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		Non-current assets	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
United States of America (the "USA")	**41,050**	54,250	**1,062**	1,547
Canada	**3,950**	11,748	**–**	–
PRC	**1,002,013**	951,144	**9,107,797**	7,140,546
South Africa	**89**	12,678	**–**	–
Saudi Arabia	**10,134**	15,751	**–**	–
Japan	**87,686**	103,621	**–**	–
Australia	**1,343**	12,332	**–**	–
Russia	**21,002**	36,633	**–**	–
India	**9,822**	5,270	**–**	–
Netherlands	**461**	266	**–**	–
Turkey	**162**	6,326	**–**	–
Others	**17,414**	21,552	**–**	–
	1,195,126	1,231,571	**9,108,859**	7,142,093

Note: No customer contributes 10% or more than 10% of the total revenue of the Group during the year ended 31 December 2020 (2019: Nil).

Information about major products:

	2020	2019
	RMB'000	RMB'000
Apple juice	**358,676**	511,926
Other juice	**113,419**	142,194
Fresh fruits	**553,711**	396,184
Apple saplings	**104,327**	84,474
Others	**64,993**	96,793
	1,195,126	1,231,571

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11. FINANCE COSTS

	2020 RMB'000	2019 RMB'000
Interest expense on lease liabilities	**178,942**	156,604
Interest on bank and other borrowings	**246,997**	188,837
Total borrowing costs	**425,939**	345,441
Amount capitalised	**(244,416)**	(190,230)
	181,523	155,211

12. INCOME TAX EXPENSE

	2020 RMB'000	2019 RMB'000
Current tax		
PRC Enterprise Income Tax ("EIT")	**1,987**	2,310
Other jurisdiction	**134**	303
Withholding tax	**25**	18
Underprovision in prior years	**2,592**	2,093
	4,738	4,724
Deferred tax (note 32)	**2,593**	4,731
	7,331	9,455

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 2019 and 2020. The PRC subsidiary needs to apply for the preferential tax rate every year.

According to relevant EIT Law and Implementation Regulation of the EIT Law, certain subsidiaries in the fruit juice operations 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 2019 and 2020, subject to an 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.

12. INCOME TAX EXPENSE (Continued)

According to relevant EIT Law and Implementation Regulation of the EIT Law, certain subsidiaries in the agriculture operations of the Group in the PRC are exempted from EIT on profits derived from fruits cultivation for the years ended 31 December 2019 and 2020, subject to an 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.

A subsidiary of the Company, Haisheng International Inc. ("Haisheng US"), 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%.

The reconciliation between the income tax expense and the product of loss before tax multiplied by the PRC EIT rate is as follows:

	2020 **RMB'000**	2019 RMB'000
Loss before tax	**(100,188)**	(13,456)
Tax at the PRC EIT rate of 25% (2019: 25%)	**(25,047)**	(3,364)
Tax effect of income that is not taxable	**(3,839)**	(20,993)
Tax effect of expenses that are not deductible	**100,653**	71,013
Tax effect of tax losses not recognised	**93,099**	88,973
Tax effect of share of losses of associates	**1,766**	74
Tax effect of share of loss of a joint venture	**132**	–
Tax effect of utilisation of tax losses not previously recognised	**(12,576)**	(11,076)
Tax exemption and tax concession	**(152,354)**	(125,045)
Effect of different tax rate of a subsidiary operating in other jurisdiction	**287**	3,031
Underprovision in prior years	**2,592**	2,093
Withholding tax	**2,618**	4,749
Income tax expense	**7,331**	9,455

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13. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2020 RMB'000	2019 RMB'000
Auditors' remuneration	**2,400**	2,400
Depreciation of property, plant and equipment	**107,071**	92,925
Less: amount capitalised into cost of bearer plants/biological assets/inventories	**(43,626)**	(47,196)
	63,445	45,729
Depreciation of right-of-use assets	**100,119**	72,805
Less: amount capitalised into cost of bearer plant/biological assets/inventories	**(61,677)**	(36,604)
	38,442	36,201
Depreciation of bearer plants	**14,964**	4,054
Impairment losses for other receivables (included in other gain/(loss))	**1,798**	14,468
Allowance/(reversal of allowance) for inventories (included in cost of sales)	**14,375**	(11,486)
Write off of bearer plants (included in other expenses)	**7,654**	71
Write off of biological assets	**13,140**	14,583
Write off of inventories (included in other expenses)	**7,887**	346
Cost of inventories sold	**1,143,270**	1,157,048
Loss on disposals of property, plant and equipment	**7,549**	3,139
Write off of property, plant and equipment (included in other expenses)	**1,174**	668

There was a reversal of allowance for inventories of approximately RMB11,486,000 for the year ended 31 December 2019, being the result of persistent effort of the management to improve the ageing of inventories and certain slow-moving inventories were sold during that year.

14. EMPLOYEE BENEFITS EXPENSE

	2020 RMB'000	2019 RMB'000
Salaries, bonuses and allowances	**378,672**	431,115
Retirement benefit scheme contributions	**6,260**	15,193
Total staff costs	**384,932**	446,308
Less: staff costs capitalised into inventories	**(21,290)**	(36,638)
Less: staff costs capitalised into biological assets	**(22,076)**	(40,379)
Less: staff costs capitalised into cost of bearer plants	**(110,015)**	(125,064)
	231,551	244,227

The five highest paid individuals in the Group during the year included three (2019: four) directors whose emoluments are reflected in the analysis presented in note 15(a). The emoluments of the remaining two (2019: one) individual(s) are set out below:

	2020 RMB'000	2019 RMB'000
Salaries, bonuses and allowances	**1,974**	1,264
Retirement benefit scheme contributions	**132**	112
	2,106	1,376

The emoluments fell within the following bands:

	Number of individuals 2020	 2019
Nil to HK$1,000,000	**1**	–
HK$1,500,001 to HK$2,000,000	**1**	1
	2	1

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15. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The emoluments of every director are set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking									
	Fees		Salaries		Discretionary bonus		Employer's contribution to a retirement benefit scheme		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Executive directors										
Mr. Gao Liang ("Mr. Gao")	**–**	–	**919**	923	**220**	220	**24**	34	**1,163**	1,177
Mr. Wang Linsong	**–**	–	**492**	504	**228**	132	**21**	34	**741**	670
Mr. Zhao Chongjun (note (i))	**–**	–	**–**	535	**–**	100	**–**	27	**–**	662
Mr. Ding Li (note (ii))	**–**	–	**–**	625	**–**	110	**–**	32	**–**	767
Mr. Wang Yasen (note (iii))	**–**	–	**455**	360	**104**	70	**35**	34	**594**	464
Mr. Wang Junqing (note (iv))	**–**	–	**448**	361	**87**	70	**24**	34	**559**	465
	–	–	**2,314**	3,308	**639**	702	**104**	195	**3,057**	4,205
Independent non-executive directors										
Mr. Zhao Boxiang	**60**	60	**–**	–	**–**	–	**–**	–	**60**	60
Mr. Liu Zhongli	**60**	60	**–**	–	**–**	–	**–**	–	**60**	60
Mr. Chang Xiaobo (note (v))	**–**	60	**–**	–	**–**	–	**–**	–	**–**	60
Ms. Huang Liqiong (note (vi))	**60**	–	**–**	–	**–**	–	**–**	–	**60**	–
	180	180	**–**	–	**–**	–	**–**	–	**180**	180
	180	180	**2,314**	3,308	**639**	702	**104**	195	**3,237**	4,385

Notes:
(i) Resigned on 27 September 2019.
(ii) Resigned on 14 November 2019.
(iii) Appointed on 27 September 2019.
(iv) Appointed on 14 November 2019.
(v) Resigned on 3 December 2019.
(vi) Appointed on 3 December 2019.

15. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments (Continued)

Mr. Gao is also the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive.

The bonus payment is determined based on the Group's performance for the year.

Neither the chief executive nor any of the directors waived any emoluments during the year (2019: Nil).

(b) Directors' material interests in transactions, arrangements and contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

16. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend for the year ended 31 December 2020 (2019: Nil).

17. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately RMB156,825,000 (2019: RMB64,591,000) and the weighted average number of ordinary shares of 1,289,788,000 (2019: 1,289,788,000) in issue during the year.

Diluted loss per share

As the Company did not have any dilutive potential ordinary shares for the years ended 31 December 2019 and 2020, dilutive loss per share was the same as basic loss per share for both years.

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18. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery RMB'000	Cultivation equipment and facilities RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Cost							
At 1 January 2019	1,112,189	301,279	637,091	38,401	51,799	666,604	2,807,363
Transfer from right-of-use assets (note 19)	205	214,231	–	275	104	–	214,815
Additions	53,082	17,320	79,871	5,865	10,441	1,048,681	1,215,260
Transfer	108,743	5,348	87,509	–	814	(202,414)	–
Disposals	(743)	(12,260)	(3,873)	(1,751)	(496)	–	(19,123)
Write off	(305)	(776)	(539)	(28)	(149)	–	(1,797)
Exchange differences	–	–	–	–	10	–	10
At 31 December 2019 and 1 January 2020	1,273,171	525,142	800,059	42,762	62,523	1,512,871	4,216,528
Transfer from right-of-use assets (note 19)	20	80,273	–	227	188	–	80,708
Additions	18,416	6,853	34,960	5,096	4,150	1,068,723	1,138,198
Transfer	117,644	789	137,372	–	671	(256,476)	–
Disposals	(1,319)	(9,918)	(10,653)	(2,935)	(115)	–	(24,940)
Write off	(578)	(1,603)	(680)	(143)	(66)	–	(3,070)
Exchange differences	–	–	–	–	(42)	–	(42)
At 31 December 2020	1,407,354	601,536	961,058	45,007	67,309	2,325,118	5,407,382
Accumulated depreciation and impairment							
At 1 January 2019	172,555	82,242	59,494	6,876	24,201	–	345,368
Transfer from right-of-use assets (note 19)	109	130,628	–	356	83	–	131,176
Charge for the year	34,761	15,106	35,844	3,357	3,857	–	92,925
Disposals	(465)	(5,455)	(724)	(809)	(33)	–	(7,486)
Write off	(19)	(600)	(396)	(1)	(113)	–	(1,129)
Exchange differences	–	–	–	–	9	–	9
At 31 December 2019 and 1 January 2020	206,941	221,921	94,218	9,779	28,004	–	560,863
Transfer from right-of-use assets (note 19)	11	33,555	–	97	129	–	33,792
Charge for the year	38,280	16,895	43,253	3,616	5,027	–	107,071
Disposals	(111)	(6,599)	(1,969)	(1,428)	(37)	–	(10,144)
Impairment	15,132	10,465	–	–	–	–	25,597
Write off	(103)	(1,472)	(153)	(125)	(43)	–	(1,896)
Exchange differences	–	–	–	–	(38)	–	(38)
At 31 December 2020	260,150	274,765	135,349	11,939	33,042	–	715,245
Carrying amount							
At 31 December 2020	1,147,204	326,771	825,709	33,068	34,267	2,325,118	4,692,137
At 31 December 2019	1,066,230	303,221	705,841	32,983	34,519	1,512,871	3,655,665

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

At 31 December 2020 the carrying amount of buildings, machinery and construction in progress pledged as security for the Group's bank borrowings amounted to approximately RMB406,525,000 (2019: RMB523,453,000), RMB154,261,000 (2019: RMB252,627,000) and RMB321,325,000 (2019: RMB115,595,000) respectively.

During the year, the Group assessed the recoverable amount of fruit juice operation segment, having regard to the market conditions of the products. The review led to the recognition of an impairment loss of approximately RMB25,597,000 that has been recognised in profit or loss. The recoverable amount of approximately RMB1,335,450,000 for the relevant assets has been determined on the basis of their value in use using discounted cash flow method. The pre-tax discounted rate was 10.63%.

19. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Leased buildings and machinery RMB'000	Leased bearer plants RMB'000	Total RMB'000
At 1 January 2019	789,575	641,839	180,291	1,611,705
Additions	329,950	28,687	38,686	397,323
Depreciation	(40,827)	(31,978)	–	(72,805)
Transfer to inventories	–	–	(8,612)	(8,612)
Transfer to property, plant and equipment (note 18)	–	(83,639)	–	(83,639)
Exchange differences	–	27	–	27
At 31 December 2019 and 1 January 2020	1,078,698	554,936	210,365	1,843,999
Additions	310,283	398	8,189	318,870
Depreciation	(60,651)	(32,058)	(7,410)	(100,119)
Impairment	(2,287)	(10,323)	–	(12,610)
Early extinguishment of leases	(2,354)	–	–	(2,354)
Transfer to inventories	–	–	(3,222)	(3,222)
Transfer to property, plant and equipment (note 18)	–	(46,916)	–	(46,916)
Exchange differences	–	(73)	–	(73)
At 31 December 2020	1,323,689	465,964	207,922	1,997,575

At 31 December 2020 the carrying amount of right-of-use assets pledged as security for the Group's bank borrowings and lease liabilities amount to approximately RMB182,447,000 (2019: RMB149,754,000) and RMB662,720,000 (2019: RMB713,010,000) respectively.

During the year, the Group assessed the recoverable amount of fruit juice operation segment and as a result recognised impairment loss of approximately RMB12,610,000 in respect of right-of use assets attributable to that CGU. Details of the impairment assessment are disclosed in note 18.

19. RIGHT-OF-USE ASSETS (Continued)

Lease liabilities of approximately RMB1,330,992,000 (2019: RMB1,172,618,000) are recognised with related right-of-use assets of approximately RMB1,752,990,000 (2019: RMB1,611,413,000) as at 31 December 2020. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

	2020 RMB'000	2019 RMB'000
Depreciation expenses on right-of-use assets (included in cost of sales)	**38,442**	36,201
Interest expense on lease liabilities (included in finance costs)	**27,513**	29,814
Expenses relating to short-term leases (included in cost of sales and administrative expenses)	**6,135**	15,317

Details of total cash outflow for leases is set out in note 36(b).

For both years, the Group leases various lands, buildings, machinery and bearer plants for its operations. Lease contracts are entered into for fixed terms of 1 year to 30 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities. The potential exposure to these future lease payments is summarised below:

	Lease liabilities recognised (discounted)		Potential future lease payments under extension options not included in lease liabilities (undiscounted)	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Office – USA	**848**	1,515	**3,255**	3,482
Leasehold land – PRC	**49,032**	811	**29,302**	6,030
	49,880	2,326	**32,557**	9,512

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year ended 31 December 2020, there has been no such triggering event.

20. BEARER PLANTS

	Apple RMB'000	Rootstock RMB'000	Mulberry RMB'000	Blueberry RMB'000	Cherry RMB'000	Kiwi RMB'000	Tangerine RMB'000	Pear RMB'000	Pomegranate RMB'000	Others RMB'000	Total RMB'000
Infant trees											
Cost											
At 1 January 2019	550,054	15,791	–	63,667	20,722	29,459	193,742	20,397	–	4,152	897,984
Additions	316,612	1,735	–	54,055	31,148	11,044	124,869	8,870	12,027	1,209	561,569
Transfer to mature trees	(284,658)	(2,597)	–	–	–	(27,257)	–	–	–	–	(314,512)
Disposals	(96)	–	–	–	–	(85)	(3,675)	(8)	–	–	(3,864)
At 31 December 2019 and 1 January 2020	581,912	14,929	–	117,722	51,870	13,161	314,936	29,259	12,027	5,361	1,141,177
Additions	358,979	6,256	–	32,692	40,283	2,642	115,835	8,480	16,144	2,924	584,235
Transfer to mature trees	(27,831)	–	–	–	–	–	–	(548)	–	–	(28,379)
Disposals	(897)	(789)	–	–	(4,681)	–	(6,048)	(171)	–	–	(12,586)
Write off	(1)	–	–	(4,001)	–	–	(1,715)	–	–	(1,912)	(7,629)
At 31 December 2020	912,162	20,396	–	146,413	87,472	15,803	423,008	37,020	28,171	6,373	1,676,818
Carrying amount											
At 31 December 2020	912,162	20,396	–	146,413	87,472	15,803	423,008	37,020	28,171	6,373	1,676,818
At 31 December 2019	581,912	14,929	–	117,722	51,870	13,161	314,936	29,259	12,027	5,361	1,141,177
Mature trees											
Cost											
At 1 January 2019	46,251	9,362	493	151	3,304	–	–	–	–	–	59,561
Additions	361	354	1	–	–	–	–	–	–	–	716
Transfer from infant trees	284,658	2,597	–	–	–	27,257	–	–	–	–	314,512
Write off	(51)	–	(31)	–	–	–	–	–	–	–	(82)
At 31 December 2019 and 1 January 2020	331,219	12,313	463	151	3,304	27,257	–	–	–	–	374,707
Additions	3	–	–	–	–	–	–	–	–	–	3
Transfer from infant trees	27,831	–	–	–	–	–	–	548	–	–	28,379
Disposals	–	–	(120)	–	–	–	–	–	–	–	(120)
Write off	(29)	–	–	–	–	–	–	–	–	–	(29)
At 31 December 2020	359,024	12,313	343	151	3,304	27,257	–	548	–	–	402,940
Accumulated depreciation											
At 1 January 2019	4,545	1,155	69	53	1,133	–	–	–	–	–	6,955
Charge for the year	3,382	467	14	6	185	–	–	–	–	–	4,054
Write off	(7)	–	(4)	–	–	–	–	–	–	–	(11)
At 31 December 2019 and 1 January 2020	7,920	1,622	79	59	1,318	–	–	–	–	–	10,998
Charge for the year	12,996	593	11	6	185	1,151	–	22	–	–	14,964
Disposals	–	–	(20)	–	–	–	–	–	–	–	(20)
Write off	(4)	–	–	–	–	–	–	–	–	–	(4)
At 31 December 2020	20,912	2,215	70	65	1,503	1,151	–	22	–	–	25,938
Carrying amount											
At 31 December 2020	338,112	10,098	273	86	1,801	26,106	–	526	–	–	377,002
At 31 December 2019	323,299	10,691	384	92	1,986	27,257	–	–	–	–	363,709
Total carrying amount											
At 31 December 2020	1,250,274	30,494	273	146,499	89,273	41,909	423,008	37,546	28,171	6,373	2,053,820
At 31 December 2019	905,211	25,620	384	117,814	53,856	40,418	314,936	29,259	12,027	5,361	1,504,886

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20. BEARER PLANTS (Continued)

At 31 December 2020 the carrying amount of bearer plants pledged as security for the Group's bank borrowings amount to approximately RMB318,284,000 (2019: RMB242,607,000).

The quantity of trees owned by the Group at the end of the reporting period is shown below:

	2020	2019
Infant trees	**21,150,206**	16,035,860
Mature trees	**5,393,691**	3,360,126

21. INVESTMENT IN ASSOCIATES

	2020 **RMB'000**	2019 RMB'000
Unlisted investments:		
Share of net assets	**15,879**	7,453

Details of the Group's associates at 31 December 2020 are as follows:

Name	**Place of incorporation/ registration**	**Particular of issued share capital**	**Percentage of ownership interest/ profit sharing**		**Principal activities**
			2020	2019	
安徽迪斯特海升酒業有限責任公司("迪斯特海升")	PRC	Registered capital of RMB100,000,000/ paid up capital of RMB40,000,000	**49%**	49%	Manufacture and sale of alcoholic drinks
昭通現代農業科技有限公司("昭通現代")	PRC	Registered capital of RMB50,000,000/ paid up capital of RMB50,000,000	**30%**	–	Plantation and sale of fruits
靖西市海發農業有限公司("靖西海發")	PRC	Registered capital of RMB10,000,000/ paid up capital of RMB1,000,000	**49%**	–	Plantation and sale of fruits

21. INVESTMENT IN ASSOCIATES (Continued)

The following table shows information on the associates that are material to the Group. The associates are accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the IFRS financial statements of the associates.

Name	昭通現代		迪斯特海升	
	2020	2019	**2020**	2019
Principal place of business/country of incorporation	**PRC/PRC**		**PRC/PRC**	
Principal activities	**Plantation and sale of fruits**		**Manufacture and sale of alcoholic drinks**	
% of ownership interests/voting rights held by the Group	**30%/40%**	–	**49%/43%**	49%/43%
	RMB'000	RMB'000	**RMB'000**	RMB'000
At 31 December:				
Non-current assets	**36,243**	–	**12,868**	13,374
Current assets	**14,664**	–	**1,230**	4,480
Current liabilities	**–**	–	**(13,303)**	(2,644)
Net assets	**50,907**	–	**795**	15,210
Group's share of carrying amount of interests	**15,000**	–	**389**	7,453
Year ended 31 December:				
Revenue	**–**	–	**42**	–
Loss for the year	**–**	–	**(14,415)**	(604)
Total comprehensive income for the year	**–**	–	**(14,415)**	(604)

As at 31 December 2020, the bank and cash balances of the Group's associates in the PRC denominated in RMB amounted to approximately RMB1,621,000 (2019: RMB854,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

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22. INVESTMENT IN A JOINT VENTURE

	2020 RMB'000	2019 RMB'000
Unlisted investment:		
Share of net assets	**500**	–

Details of the Group's joint venture at 31 December 2020 are as follows:

Name	Place of incorporation/ registration	Particular of issued share capital	Percentage of ownership interest/ voting power/ profit sharing	Principal activities
瀘水海升農業有限公司 ("瀘水海升")	PRC	Registered capital of RMB6,610,000/ paid up capital of RMB500,000	45.4%/66%/70%	Plantation and sales of fruits

The following table shows the Group's share of the amounts of joint venture that are accounted for using the equity method.

	2020 RMB'000	2019 RMB'000
At 31 December:		
Carrying amounts of interests	**500**	–
Year ended 31 December:		
Loss for the year	**(528)**	–
Other comprehensive income	**–**	–
Total comprehensive income	**(528)**	–

As at 31 December 2020, the bank and cash balances of the Group' joint venture in the PRC denominated in RMB amounted to approximately RMB6,343,000. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

23. BIOLOGICAL ASSETS

Movements in biological assets are summarised as follows:

	Apple saplings RMB'000	Apple RMB'000	Baby carrot RMB'000	Strawberry RMB'000	Tomato RMB'000	Total RMB'000
At 1 January 2019	120,492	8,424	1,408	13,440	7,858	151,622
Increase due to cultivation	66,545	68,010	38,541	47,602	59,814	280,512
Change in fair value due to biological transformation (note (b))	185,668	110,677	20,231	(2,349)	21,518	335,745
Transfer of harvested fresh fruit bunches/apple saplings to inventories	(303,369)	(171,124)	(55,957)	(43,198)	(69,633)	(643,281)
Write off	-	(5,928)	(1,841)	(2,939)	(3,875)	(14,583)
At 31 December 2019 and 1 January 2020 (note (c))	69,336	10,059	2,382	12,556	15,682	110,015
Increase due to cultivation	106,486	146,438	32,418	29,294	81,246	395,882
Change in fair value due to biological transformation (note (b))	306,530	47,748	15,240	(14,861)	38,128	392,785
Transfer of harvested fresh fruit bunches/apple saplings to inventories	(396,666)	(185,734)	(43,582)	(21,836)	(109,446)	(757,264)
Write off	-	(8,131)	(1,616)	(689)	(2,704)	(13,140)
At 31 December 2020 (note (c))	85,686	10,380	4,842	4,464	22,906	128,278

	2020 RMB'000	2019 RMB'000
Analysed as:		
Current assets	**42,592**	40,679
Non-current assets	**85,686**	69,336
	128,278	110,015

Notes:

(a) The total area of biological assets as at 31 December 2020 is 86,876 Mu (2019: 75,163 Mu).

(b) During the year, the Group harvested 59,585 (2019: 44,944) tonnes of fruits and 5,709,956 (2019: 4,902,986) apple saplings. The directors measured the fair value less costs to sell of fruits and apple saplings at harvest based on market prices as at or close to the harvest dates.

(c) Cultivation costs incurred as additions to the biological assets. Apples and apple saplings are harvested annually from April to November and October to December respectively, and other fruits are harvested throughout the year. After the harvest, plantation works commenced again on the farmland. The directors considered that there was no active market for the fruits and apple saplings before harvest at the end of the reporting period. The present value of expected cash flows was not considered as a reliable measure of their fair value due to the need for, and use of, subjective assumptions including weather condition, natural disaster and effectiveness of agricultural chemicals. As such, the directors considered that the fair value of biological assets at the end of the reporting period could not be measured reliably and no reliable alternative estimates existed to determine fair value. Therefore, biological assets continued to be stated at cost as at 31 December 2019 and 2020.

The carrying value of biological assets as at 31 December 2019 and 2020 represented cultivation costs incurred including fertilisers, pesticides, labour costs and rentals of farmland.

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24. INVENTORIES

	2020 RMB'000	2019 RMB'000
Raw materials and consumables	**293,355**	255,398
Work in progress	**69,757**	106,923
Finished goods	**367,021**	418,072
	730,133	780,393

There was a reversal of allowance for inventories of approximately RMB11,486,000 for the year ended 31 December 2019, being the result of persistent effort of the management to improve the ageing of inventories and certain slow-moving inventories are sold during the year.

The carrying amount of inventories pledged as security for banking facilities granted to the Group amounted to approximately RMB161,928,000 (2019: RMB462,490,000).

25. TRADE AND OTHER RECEIVABLES

	2020 RMB'000	2019 RMB'000
Trade receivables	**239,846**	178,310
Less: allowance for doubtful debts	**(9,976)**	(3,280)
	229,870	175,030
Bills receivables	**1,462**	1,084
Value added tax and other tax recoverable	**47,964**	42,690
Advances to suppliers	**71,282**	22,150
Other receivables, deposits and prepayments (note)	**179,632**	167,395
	530,210	408,349

Note: As at 31 December 2020, deposits and other receivables of approximately RMB1,800,000 (2019: RMB12,452,000) were pledged to a bank to secure bank borrowings as set out in note 29 to the consolidated financial statements.

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.

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

	2020 RMB'000	2019 RMB'000
0 to 90 days	**202,031**	145,246
91 to 180 days	**10,822**	18,528
181 to 365 days	**9,632**	7,578
Over 1 year	**7,385**	3,678
	229,870	175,030

25. TRADE AND OTHER RECEIVABLES (Continued)

As at 31 December 2020, trade receivables of approximately RMBNil (2019: RMB18,170,000) were pledged to a bank to secure bank borrowings as set out in note 29 to the consolidated financial statements.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2020 RMB'000	2019 RMB'000
USD	**18,130**	38,607
RMB	**211,740**	136,423
Total	**229,870**	175,030

26. DUE FROM RELATED COMPANIES

The amounts due from related companies are unsecured, interest-free and repayable on demand. The related companies are beneficially owned and controlled by a director of the Company, who is also a shareholder of the Company, as set out in note 40(a) to the consolidated financial statements.

27. RESTRICTED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	2020 RMB'000	2019 RMB'000
Bank and cash balances	**227,462**	170,972
Time deposits	**58,885**	144,320
	286,347	315,292
Less: Restricted bank deposits		
Pledged bank deposits	**(58,885)**	(144,320)
Cash frozen for litigations (note 41(b))	**(1,200)**	-
	(60,085)	(144,320)
Cash and cash equivalents	**226,262**	170,972

As at 31 December 2020, the time deposits and bank and cash balances of the Group denominated in RMB amounted to approximately RMB58,885,000 (2019: RMB135,281,000) and RMB220,087,000 (2019: RMB164,623,000) respectively. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

As at 31 December 2020, the pledged bank deposits of approximately RMB58,885,000 (2019: RMB144,320,000) carried prevailing interest rate of 1.95% (2019: 1.81%) per annum and bank balances of approximately RMB227,098,000 (2019: RMB170,671,000) carried prevailing interest rate of 0.30% (2019: 0.35%) per annum.

The pledged bank deposits of approximately RMB44,000,000 (2019: RMB114,035,000) are used to secure the bills payables which are payable within 3 to 12 months (2019: 6 to 12 months). Accordingly, the pledged bank deposits are classified as current assets.

28. TRADE AND OTHER PAYABLES

	2020 RMB'000	2019 RMB'000
Trade payables	**644,250**	708,368
Payables for acquisition of property, plant and equipment	**450,773**	295,072
Contract liabilities	**124,486**	81,889
Accrued salaries	**89,057**	70,945
Accrued interest	**36,349**	13,158
Value added tax and other tax payables	**7,876**	11,399
Other payables and accruals (note)	**507,481**	288,815
	1,860,272	1,469,646

Note: Included in other payables and accruals are amounts of approximately:

(a) RMB51,271,000 (2019: RMBNil) representing amounts due to non-controlling shareholders of certain subsidaries that are unsecured, interest-free and repayable on demand.

(b) RMB228,845,000 (2019: RMB110,550,000) representing advance from independent third parties that are unsecured, interest-free and repayable on demand.

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:

	2020 RMB'000	2019 RMB'000
0 to 90 days	**290,184**	361,690
91 to 180 days	**76,257**	160,162
181 to 365 days	**87,914**	65,007
Over 1 year	**189,895**	121,509
	644,250	708,368

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2020 RMB'000	2019 RMB'000
USD	**11,165**	20,341
RMB	**633,085**	688,027
Total	**644,250**	708,368

28. TRADE AND OTHER PAYABLES (Continued)

The carrying amount of the Group's revenue related contract liabilities included in trade and other payables is as follows:

	2020 RMB'000	2019 RMB'000
Billings in advance of performance obligation for sales of goods	**124,486**	81,889

There was no significant change in the contract liabilities balance during the reporting period.

Movements in contract liabilities:

	2020 RMB'000	2019 RMB'000
Balance at 1 January	**81,889**	64,451
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the year	**(81,889)**	(64,451)
Increase in contract liabilities as a result of advances received from customers	**124,486**	81,889
Balance at 31 December	**124,486**	81,889

29. BANK AND OTHER BORROWINGS

	2020 RMB'000	2019 RMB'000
Bank loans	**3,686,391**	2,473,748
Other borrowings (note (a))	**648,579**	968,128
Loans from government (note (b))	**636,671**	159,550
	4,971,641	3,601,426
Analysed as:		
Secured	**3,380,910**	2,288,794
Unsecured	**571,611**	501,996
Guaranteed	**1,019,120**	810,636
	4,971,641	3,601,426
Analysed as:		
Fixed-rate borrowings	**2,558,629**	2,162,605
Variable-rate borrowings	**2,413,012**	1,438,821
	4,971,641	3,601,426

Notes:

(a) Other borrowings were from local rural cooperatives and investment entities controlled by the PRC government. These borrowings were unsecured and borne interest ranging from 1.00% to 12.00% (2019: 1.00% to 11.16%) per annum.

(b) The loans from government were unsecured and borne interest ranging from 1.70% to 16.00% (2019: 2.00% to 16.00%) per annum.

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29. BANK AND OTHER BORROWINGS (Continued)

The borrowings are repayable as follows:

	2020	2019
	RMB'000	RMB'000
On demand or within one year	**1,956,578**	1,422,631
More than one year, but not exceeding two years	**784,196**	860,427
More than two years, but not more than five years	**701,222**	1,318,368
Over five years	**1,529,645**	–
	4,971,641	3,601,426
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(1,956,578)**	(1,422,631)
Amount due for settlement after 12 months	**3,015,063**	2,178,795

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	RMB	**USD**	**Total**
	RMB'000	RMB'000	RMB'000
2020			
Bank loans	**3,686,391**	**–**	**3,686,391**
Other borrowings	**648,579**	**–**	**648,579**
Loans from government	**636,671**	**–**	**636,671**
	4,971,641	**–**	**4,971,641**
2019			
Bank loans	2,432,589	41,159	2,473,748
Other borrowings	968,128	–	968,128
Loans from government	159,550	–	159,550
	3,560,267	41,159	3,601,426

29. BANK AND OTHER BORROWINGS (Continued)

The interest rates at 31 December were as follows:

	2020	2019
Fixed-rate borrowings	**1.00% to 16.00%**	1.00% to 16.00%
Variable-rate borrowings	**1.00% to 8.00%**	4.35% to 8.27%

The interest rate for the variable-rate borrowings is based on London Interbank Offered Rate/The People's Bank of China Base Lending Rate plus a margin for both years.

Bank and other borrowings of approximately RMB2,558,629,000 (2019: RMB2,162,605,000) are arranged at fixed interest rates and expose the Group to fair value interest rate risk. Other borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

The directors consider that the bank and other borrowings in the consolidated financial statements are carried at amounts not materially different from their fair value as at 31 December 2020 and 2019.

At 31 December 2020, the bank loans were secured by:

(i) charge over the Group's property, plant and equipment with a carrying amount of approximately RMB882,111,000 (2019: RMB891,675,000);

(ii) charge over the Group's right-of-use assets with a carrying amount of approximately RMB182,447,000 (2019: RMB149,754,000).

(iii) charge over the Group's inventories with a carrying amount of approximately RMB161,928,000 (2019: RMB462,490,000);

(iv) charge over the Group's bank deposits of approximately RMB58,885,000 (2019: RMB144,320,000);

(v) charge over the Group's trade and other receivables with a carrying amount of approximately RMB1,800,000 (2019: RMB30,622,000);

(vi) charge over the Group's bearer plants with carrying amount of approximately RMB318,284,000 (2019: RMB242,607,000);

(vii) personal guarantee executed by Mr. Gao, a director and major shareholder of the Company; and

(viii) corporate guarantees executed by the Company and certain subsidiaries.

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30. LEASE LIABILITIES

	Minimum lease payments		Present value of minimum lease payments	
	2020	2019	**2020**	2019
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within one year	**283,262**	341,662	**133,781**	208,866
More than one year, but not exceeding two years	**191,979**	213,588	**46,726**	88,771
More than two years, but not more than five years	**467,952**	396,340	**17,454**	22,078
Over five year	**3,831,698**	3,164,219	**1,170,131**	893,003
	4,774,891	4,115,809	**1,368,092**	1,212,718
Less: Future finance charges	**(3,406,799)**	(2,903,091)	**N/A**	N/A
Present value of lease obligations	**1,368,092**	1,212,718	**1,368,092**	1,212,718
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(113,781)**	(185,866)
Less: Security deposits			**(37,100)**	(40,100)
Amount due for settlement after 12 months			**1,217,211**	986,752

The carrying amounts of the Group's lease liabilities are denominated in the following currencies:

	2020	2019
	RMB'000	RMB'000
USD	**1,101**	1,515
RMB	**1,329,891**	1,171,103
Total	**1,330,992**	1,172,618

The Group's lease liabilities of approximately RMB132,598,000 (2019: RMB214,447,000) are secured by certain of the Group's right-of-use assets of approximately RMB662,720,000 (2019: 713,010,000), corporate guarantee executed by the Company and personal guarantee executed by Mr. Gao (a director and major shareholder of the Company) and his spouse.

31. DEFERRED GOVERNMENT GRANTS

The deferred government grants represented the subsidies granted by the PRC government to the Group.

	2020 RMB'000	2019 RMB'000
At 1 January	**229,120**	150,881
Received during the year	**22,434**	92,278
Credit to profit or loss for the year (note 8)	**(22,198)**	(14,039)
At 31 December	**229,356**	229,120
Analysed as:		
Current liabilities	**14,311**	15,134
Non-current liabilities	**215,045**	213,986
	229,356	229,120

During the year ended 31 December 2020, the Group received grants, benefits of interest-free loans from government or government controlled entities for cultivation facilities, machinery and operation of juice business of approximately RMB18,591,000 (2019: RMB36,239,000), RMB2,152,000 (2019: RMB35,074,000), and RMB1,691,000 (2019: RMB20,965,000) respectively. There is no unfulfilled condition relating to those grants and such grants are deferred and released to profit or loss over the period in which the Group recognises as expenses the related costs for which the grants are intended to compensate or in accordance with the useful lives of the related assets.

32. DEFERRED TAX

The movement in deferred tax liabilities during the year in respect of withholding tax is as follows:

	2020 RMB'000	2019 RMB'000
At 1 January	**31,536**	26,805
Charge to profit or loss for the year (note 12)	**2,593**	4,731
At 31 December	**34,129**	31,536

Under the EIT law of the PRC, a 10% withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. On 22 February 2008, Caishui (2008) No. 1 was promulgated by the PRC tax authorities to specify that dividends declared and remitted out of the PRC from the retained profits as at 31 December 2007 determined based on the relevant PRC tax laws and regulations are exempted from the withholding tax. Deferred tax liabilities of approximately RMB34,129,000 (2019: RMB31,536,000) has been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed profits of subsidiaries for which deferred tax liabilities have not been recognised is approximately RMB822,579,000 (2019: RMB815,110,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

At the end of the reporting period the Group has unused tax losses of approximately RMB1,001,191,000 (2019: RMB819,597,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unrecognised tax losses will expire on various dates up to 2025 (2019: 2024).

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33. SHARE CAPITAL

	Number of shares	Amounts HK$
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	10,000,000,000	100,000,000
Issued and fully paid:		
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	1,289,788,000	12,897,880

	2020 RMB'000	2019 RMB'000
Shown on the consolidated statement of financial position at 31 December	**13,296**	13,296

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

Management of the Group reviews the capital structure regularly, taking into account the cost and risk associated with the capital. The Group will then balance its capital structure through payment of dividends, issue of new shares and/or new debt or extension or redemption of its existing debts.

33. SHARE CAPITAL (Continued)

The Group monitors capital using gearing ratio, which is net debt divided by the total equity. Net debt is calculated as bank and other borrowings, bills payables and lease liabilities less cash and cash equivalents and pledged bank deposits 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. The gearing ratio as at the end of the reporting period was as follows:

	2020	2019
	RMB'000	RMB'000
Bank and other borrowings	**4,971,641**	3,601,426
Bills payables	**79,675**	186,000
Lease liabilities	**1,330,992**	1,172,618
	6,382,308	4,960,044
Less: Pledged bank deposits	**(58,885)**	(144,320)
Cash and cash equivalents	**(226,262)**	(170,972)
Net debt	**6,097,161**	4,644,752
Total equity	**2,191,397**	1,995,340
Gearing ratio	**278.2%**	232.8%

The increase in the gearing ratio during 2020 resulted primarily from increase of bank and other borrowings.

The externally imposed capital requirements for the Group are: (i) in order to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares; and (ii) to meet financial covenants attached to the interest-bearing borrowings.

The Group receives a report from the share registrars weekly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit throughout the year.

Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowing for the years ended 31 December 2020 and 2019.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

34. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	At 31 December 2020 RMB'000	2019 RMB'000
Non-current assets			
Investments in subsidiaries		**687,918**	686,843
Current assets			
Due from subsidiaries		**12,892**	17,561
Bank balances		**65**	33
Dividend receivable		**4,461**	4,747
		17,418	22,341
Current liabilities			
Other payables		**3,143**	3,016
Financial guarantees		**6,403**	16,064
		9,546	19,080
Net current assets		**7,872**	3,261
NET ASSETS		**695,790**	690,104
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	33	**13,296**	13,296
Reserves	35(b)	**682,494**	676,808
EQUITY		**695,790**	690,104

Approved by the board of directors on 30 March 2021 and is signed on its behalf by:

Gao Liang
Director

Wang Junqing
Director

34. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(b) Reserve movement of the Company

	Share premium RMB'000	Contributed surplus (note 35(b)(ii)) RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2019	212,838	431,247	21,400	665,485
Total comprehensive income for the year	–	–	11,323	11,323
At 31 December 2019 and 1 January 2020	**212,838**	**431,247**	**32,723**	**676,808**
Total comprehensive income for the year	**–**	**–**	**5,686**	**5,686**
At 31 December 2020	**212,838**	**431,247**	**38,409**	**682,494**

35. RESERVES

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Nature and purpose of reserves

(i) Share premium

The share premium is governed by the Cayman Companies Law and may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the Company to be issued to equity shareholders as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Companies Law); (d) writing-off the preliminary expenses of the Company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company.

No distribution or dividend may be paid to the equity shareholders out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

(ii) Contributed surplus

Contributed surplus represents the difference between the net assets of the subsidiaries and the nominal amount of the Company's shares issued in exchange thereof pursuant to a group reorganisation.

(iii) Special reserve

The special reserve represents the aggregate amount of the share capital and share premium of the subsidiaries which were acquired by the Company at the date of the group reorganisation less the consideration payable to the then shareholders.

(iv) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(d) to the consolidated financial statements.

35. RESERVES (Continued)

(b) Nature and purpose of reserves (Continued)

(v) Statutory surplus reserve

Each of the Company's PRC subsidiary's Articles of Association requires the appropriation of 10% of its profit after tax determined under the relevant accounting principles and financial regulations applicable to companies established in the PRC each year to the statutory surplus reserve until the balance reaches 50% of the registered capital. The statutory surplus reserve shall only be used for making up losses, capitalisation into registered capital and expansion of the production and operation.

(vi) Other reserve

In July 2011, the Group acquired the remaining 30% equity interest of one of its subsidiaries from the non-controlling shareholders for an aggregate consideration of approximately RMB13,952,000. The excess of the fair value of the consideration paid over the adjustment to NCI has been recognised directly to equity.

During the year ended 31 December 2015, pursuant to a capital increase agreement, two independent third parties had made capital contribution to a subsidiary of the Group resulting in a dilution of shareholding in this subsidiary. The difference of approximately RMB9,113,000 between the capital contribution of RMB130,000,000 and the amount of NCI adjusted of RMB139,113,000 was directly recognised in other reserve.

During the year ended 31 December 2016, pursuant to two capital increase agreements, two independent third parties had made capital contributions to two subsidiaries of the Group resulting in a dilution of shareholding in these subsidiaries. The difference of approximately RMB1,072,000 between the capital contributions of RMB40,310,000 and the amount of NCI adjusted of RMB39,238,000 was directly recognised in other reserve.

During the year ended 31 December 2017, pursuant to two capital increase agreements, two independent third parties had made capital contributions to two subsidiaries of the Group resulting in a dilution of shareholding in these subsidiaries. The difference of approximately RMB7,360,000 between the capital contributions of RMB66,000,000 and the amount of NCI adjusted of RMB73,360,000 was directly recognised in other reserve.

During the year ended 31 December 2018, pursuant to a capital increase agreement, an independent third party had made capital contributions to a subsidiary of the Group resulting in a dilution of shareholding in this subsidiary. The difference of approximately RMB3,062,000 between the capital contributions of RMB50,000,000 and the amount of NCI adjusted of RMB46,938,000 was directly recognised in other reserve.

During the year ended 31 December 2020, pursuant to a capital increase agreement, an independent third party had made capital contributions to a subsidiary of the Group resulting in a dilution of shareholding in this subsidiary. The difference of approximately RMB1,069,000 between the capital contributions of RMB18,000,000 and the amount of NCI adjusted of RMB19,069,000 was directly recognised in other reserve.

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	At 1 January 2020 RMB'000	Cash flows RMB'000	Interest expense RMB'000	Addition of lease liabilities RMB'000	Others (note) RMB'000	At 31 December 2020 RMB'000
Bank and other borrowings	**3,601,426**	**1,201,461**	**154,010**	**–**	**14,744**	**4,971,641**
Lease liabilities	**1,172,618**	**(95,478)**	**27,513**	**284,143**	**(57,804)**	**1,330,992**
	4,774,044	**1,105,983**	**181,523**	**284,143**	**(43,060)**	**6,302,633**

	At 1 January 2019 RMB'000	Cash flows RMB'000	Interest expense RMB'000	Addition of lease liabilities RMB'000	Others (note) RMB'000	At 31 December 2019 RMB'000
Bank and other borrowings	2,509,285	959,427	125,397	–	7,317	3,601,426
Lease liabilities	1,017,655	(144,918)	29,814	258,450	11,617	1,172,618
	3,526,940	814,509	155,211	258,450	18,934	4,774,044

Note: Others represented exchange differences, changes in accrued interest and early extinguishment of leases.

(b) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2020 RMB'000	2019 RMB'000
Within operating cash flows	**28,157**	24,338
Within investing cash flows	**34,727**	117,908
Within financing cash flows	**95,478**	144,918
	158,362	287,164

These amounts relate to the following:

	2020 RMB'000	2019 RMB'000
Lease rental paid	**123,635**	169,256
Payments for right-of-use assets	**34,727**	117,908
	158,362	287,164

37. CAPITAL COMMITMENTS

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

	2020	2019
	RMB'000	RMB'000
Property, plant and equipment	**290,396**	412,882
Bearer plants	**27,106**	42,543
Capital contribution to associates	**33,810**	29,400
Capital contribution to a joint venture	**52,500**	–
	403,812	484,825

38. OPERATING LEASE ARRANGEMENTS

The Group regularly entered into short-term leases for warehouses. As at 31 December 2020, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 19. As at 31 December 2020, there were no outstanding lease commitments relating to these leases.

39. PLEDGE OF ASSETS

At the end of the reporting period, the Group pledged the following assets as security for the Group's bank borrowings and lease liabilities:

	2020	2019
	RMB'000	RMB'000
Property, plant and equipment	**882,111**	891,675
Bearer plants	**318,284**	242,607
Right-of-use assets	**845,167**	862,764
Pledged bank deposits	**58,885**	144,320
Inventories	**161,928**	462,490
Trade and other receivables	**1,800**	30,622
	2,268,175	2,634,478

40. MATERIAL RELATED PARTY TRANSACTIONS

During the year, the Group has the following transactions with its related parties:

(a) Balances with related parties

	2020 RMB'000	2019 RMB'000
Due from related companies	**164**	164
Dividend payable to non-controlling shareholders of a subsidiary	**63**	63

As at 31 December 2020, the amounts of approximately RMB11,000 (2019: RMB11,000) and RMB153,000 (2019: RMB153,000) were due by 西安海升實業集團有限責任公司 ("海升實業") and 陝西海升現代流通有限公司 ("海升現代流通") respectively. The maximum outstanding debit balances due from 海升實業 and 海升現代流通 during the year ended 31 December 2020 were approximately RMB11,000 (2019: RMB11,000) and RMB153,000 (2019: RMB153,000) respectively. Mr. Gao, a director of the Company, is a controlling shareholder in 海升實業 and has beneficial interest in 海升現代流通. The amounts due are unsecured, interest-free and repayable on demand.

(b) Compensation of key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and the highest paid individuals as disclosed in note 14, was as follows:

	2020 RMB'000	2019 RMB'000
Short-term benefits	**4,928**	6,546
Post-employment benefits	**237**	359
	5,165	6,905

(c) Guarantee in respect of banking and lease facilities

During the year ended 31 December 2020, Mr. Gao (a director of the Company) and his spouse provided personal guarantees for banking and lease facilities granted to the Group of approximately RMB3,086,028,000 (2019: RMB1,509,907,000) and RMB132,598,000 (2019: RMB254,547,000) respectively.

(d) Other transactions

During the year ended 31 December 2020, the Group incurred an expense of approximately RMB1,451,000 (2019: RMB1,376,000) to the spouse of Mr. Gao, a director of the Company, as her salaries and allowance.

41. CONTINGENT LIABILITIES

(a) Financial guarantee issued

The Group has provided security to a bank for loan facilities granted to a non-controlling shareholder of a subsidiary as follows:

	2020 **RMB'000**	2019 RMB'000
Security given to a bank for loan facilities utilised by a non-controlling shareholder of a subsidiary	**30,000**	30,000

Pursuant to the terms of the guarantee, if there are any defaults on the loan, the Group shall have the responsibility to repay the outstanding loan principals together with accrued interest and penalties owed by the non-controlling shareholder of a subsidiary to the bank.

The fair value of the guarantee at date of inception is not material and is not recognised in the consolidated financial statements. At 31 December 2019 and 2020, the directors do not consider it probable that a claim will be made against the Group under the above guarantee.

Save for the above, the Group did not have other significant contingent liabilities (2019: Nil).

(b) Litigation

During the year, certain suppliers and constructors initiated legal proceedings against the Group demanding repayment of outstanding trade payables and other payables of approximately RMB7,953,000 and RMB3,377,000 respectively. The unsettled amounts were fully accrued in trade and other payables and remain outstanding as at 31 December 2020. Aggregate bank deposits of RMB1,200,000 were frozen by the court. In the opinion of the Directors, the impact of penalties or overdue interest arising from the pending legal proceedings is insignificant and therefore not recognised in the consolidated financial statements.

42. SUBSIDIARIES

(a) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are as follows:

Name of subsidiary	Place of incorporation/ registration	Principal place of operation	Particular of issued share capital	Percentage of ownership interest/voting power/ profit sharing – Direct 2020	Direct 2019	Indirect 2020	Indirect 2019	Principal activities
Wisdom Expect Investment Limited	British Virgin Islands	PRC	200 ordinary shares US$1 each	**100%**	100%	**–**	–	Investment holding
Fruit juice operation								
陝西海升果業發展股份有限公司 translated as Shaanxi Haisheng Fruit Juice Co., Ltd [1]	PRC	PRC	RMB185,780,000	**16.6%**	16.6%	**83.0%**	83.0%	Manufacture and sale of fruit juice concentrate
大連海升果業有限責任公司 translated as Dalian Haisheng Fresh Fruit Juice Co., Ltd. [2]	PRC	PRC	RMB130,000,000	**23.1%**	23.1%	**76.6%**	76.6%	Manufacture and sale of fruit juice concentrate
青島海升果業有限責任公司 translated as Qingdao Haisheng Fresh Fruit Juice Co., Ltd. [2]	PRC	PRC	RMB275,000,000	**25.1%**	25.1%	**74.6%**	74.6%	Manufacture and sale of fruit juice concentrate
安徽碭山海升果業有限責任公司 translated as Anhui Dangshan Haisheng Fresh Fruit Juice Co., Ltd [2]	PRC	PRC	RMB200,000,000	**–**	–	**99.6%**	99.6%	Manufacture and sale of fruit juice concentrate
栖霞海升果業有限責任公司 translated as Qixia Haisheng Fresh Fruit Juice Co., Ltd [2]	PRC	PRC	RMB60,000,000	**–**	–	**99.6%**	99.6%	Manufacture and sale of fruit juice concentrate
Haisheng US	USA	USA	Nil	**–**	–	**100%**	100%	Marketing and distribution of fruit juice concentrate
伊天果汁(陝西)有限公司 translated as Vitian Juice (Shaanxi) Co., Ltd [2]	PRC	PRC	RMB143,174,014	**–**	–	**99.6%**	99.6%	Manufacture and sale of fruit juice concentrate
新疆阿拉爾海升果業有限責任公司 translated as Xinjang Haisheng Fresh Fruit Juice Co., Ltd [2]	PRC	PRC	RMB50,000,000	**–**	–	**99.6%**	99.6%	Manufacture and sale of fruit juice concentrate

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42. SUBSIDIARIES (Continued)

(a) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are as follows: (Continued)

Name of subsidiary	Place of incorporation/ registration	Principal place of operation	Particular of issued share capital	Percentage of ownership interest/voting power/ profit sharing				Principal activities
				Direct		Indirect		
				2020	2019	**2020**	2019	
碭山海升果膠有限責任公司 translated as Dangshan Haisheng Pectin Co., Ltd [(2)]	PRC	PRC	RMB50,000,000	--	–	**99.6%**	99.6%	Manufacture and sale of pectin
清谷田园食品有限公司 translated as Edenview Food Co., Ltd [(2)]	PRC	PRC	RMB80,000,000	–	–	**99.6%**	99.6%	Manufacture and sale of bottled fruit juice
Agriculture operation								
陝西現代果業集團有限公司 translated as Shaanxi Modern Fruit Group Co., Ltd. [(2)] ("Modern Fruit")	PRC	PRC	RMB434,210,000	–	–	**58.2%**	58.2%	Investment holding and sale of apples and other fruits
寶雞海升現代農業有限公司 translated as Baoji Haisheng Modern Agriculture Co., Ltd. [(2)]	PRC	PRC	RMB100,000,000	–	–	**58.2%**	58.2%	Plantation and sale of apples and apple saplings
銅川海升現代農業有限公司 translated as Tongchuan Haisherig Modern Agriculture Co., Ltd. [(2)]	PRC	PRC	RMB60,000,000	–	–	**58.2%**	58.2%	Plantation and sale of apples and other fruits
彬縣海升現代農業有限公司 translated as Bin County Haisheng Modern Agriculture Co., Ltd. [(2)]	PRC	PRC	RMB10,000,000	–	–	**58.2%**	58.2%	Plantation and sale of apples
咸陽海升現代農業有限公司 translated as Xianyang Haisheng Modern Agriculture Co., Ltd. [(2)]	PRC	PRC	RMB1,000,000	–	–	**58.2%**	58.2%	Plantation and sale of apples and other fruits
大連海升現代農業有限公司 translated as Dalian Haisheng Modern Agriculture Co., Ltd.[(2)]	PRC	PRC	RMB1,000,000	–	–	**58.2%**	58.2%	Plantation and sale of apples

42. SUBSIDIARIES (Continued)

(a) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are as follows: (Continued)

Name of subsidiary	Place of incorporation/ registration	Principal place of operation	Particular of issued share capital	Percentage of ownership interest/voting power/ profit sharing				Principal activities
				Direct		Indirect		
				2020	2019	**2020**	2019	
運城市海升農業發展有限公司 translated as Yuncheng Haisheng Modern Agriculture Co., Ltd.[2]	PRC	PRC	RMB1,000,000	**–**	–	**58.2%**	58.2%	Plantation and sale of apples and other fruits
靈台海升現升農業有限公司 translated as Lingtai Haisheng Modern Agriculture Co., Ltd.[2]	PRC	PRC	RMB10,000,000	**–**	–	**58.2%**	58.2%	Plantation and sale of apples
淳化海升現代農業有限公司 translated as Chunhua Haisheng Modern Agriculture Co., Ltd.[2]	PRC	PRC	RMB10,000,000	**–**	–	**58.2%**	58.2%	Plantation and sale of apples
延安海升現代農業有限公司 translated as Yan'an Haisheng Modern Agriculture Co., Ltd.[2]	PRC	PRC	RMB10,000,000	**–**	–	**58.2%**	58.2%	Plantation and sale of apples
寧縣海升現代農業有限公司 translated as Ning County Haisheng Modern Agriculture Co., Ltd.[2]	PRC	PRC	RMB10,000,000	**–**	–	**58.2%**	58.2%	Plantation and sale of apples
昭通海升現代農業有限公司 translated as Zhaotong Haisheng Modern Agriculture Co., Ltd.[2]	PRC	PRC	RMB25,000,000	**–**	–	**58.2%**	58.2%	Plantation and sale of apples
洛寧海升現代農業有限公司 translated as Luoning Haisheng Modern Agriculture Co., Ltd.[2]	PRC	PRC	RMB10,000,000	**–**	–	**58.2%**	58.2%	Plantation and sale of apples
瀋陽海升現代農業有限公司 translated as Shenyang Haisheng Modern Agriculture Co., Ltd.[2]	PRC	PRC	RMB2,800,000	**–**	–	**58.2%**	58.2%	Plantation and sale of apples

Notes to the Consolidated Financial Statements

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42. SUBSIDIARIES (Continued)

(a) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are as follows: (Continued)

Name of subsidiary	Place of incorporation/ registration	Principal place of operation	Particular of issued share capital	Percentage of ownership interest/voting power/ profit sharing				Principal activities
				Direct		Indirect		
				2020	2019	**2020**	2019	
青島海升現代農業有限公司 translated as Qingdao Haisheng Modern Agriculture Co., Ltd. (2)	PRC	PRC	RMB1,000,000	**–**	–	**58.2%**	58.2%	Plantation and sale of apples
碭山海升現代農業有限公司 translated as Dangshan Haisheng Modern Agriculture Co., Ltd. (2)	PRC	PRC	RMB1,000,000	**–**	–	**58.2%**	58.2%	Plantation and sale of apples
承德海升現代農業有限公司 translated as Chengde Haisheng Modern Agriculture Co., Ltd. (2)	PRC	PRC	RMB3,000,000	**–**	–	**58.2%**	58.2%	Plantation and sale of apples
昭通超越農業有限公司 translated as Zhaotong Chaoyue Agriculture Co., Ltd. (2)	PRC	PRC	RMB341,517,206	**–**	–	**40.8%**	40.8%	Plantation and sale of apples
陝西超越農業有限公司 translated as Shaanxi Chaoyue Agriculture Co., Ltd. (2)	PRC	PRC	RMB500,000,000	**–**	–	**99.6%**	99.6%	Investment holding and sale of apples and other fruits
寶雞超越農業有限公司 translated as Baoji Chaoyue Agriculture Co., Ltd. (2)	PRC	PRC	RMB10,000,000	**–**	–	**99.6%**	99.6%	Plantation and sale of apples
彬縣海越農業有限公司 translated as Bin County Haiyue Agriculture Co., Ltd. (2)	PRC	PRC	RMB146,000,000	**–**	–	**66.8%**	66.8%	Plantation and sale of apples
慶陽海越現代有限公司 translation as Qingyang Haiyue Modern Agriculture Co., Ltd. (2)	PRC	PRC	RMB70,000,000	**–**	–	**99.6%**	99.6%	Plantation and sale of apples and apple saplings
慶陽寧越現代農業有限公司 translated as Qingyang Ningyue Modern Agriculture Co., Ltd. (2)	PRC	PRC	RMB70,915,992	**–**	–	**59.8%**	59.8%	Plantation and sale of apples

42. SUBSIDIARIES (Continued)

(a) Particulars of the principal subsidiaries as at 31 December 2020 and 2019 are as follows: (Continued)

Name of subsidiary	Place of incorporation/ registration	Principal place of operation	Particular of issued share capital	Percentage of ownership interest/voting power/ profit sharing				Principal activities
				Direct		Indirect		
				2020	2019	**2020**	2019	
洛寧超越農業有限公司 translated as Luoning Chaoyue Agriculture Co., Ltd. (2) ("Luoning Chaoyue")	PRC	PRC	RMB24,767,932	**–**	–	**49.8%**	57.2%	Plantation and sale of apples
鹽城海升現代農業科技有限公司 translated as Yancheng Haisheng Modern Agriculture Technology Co., Ltd (2) ("Yancheng Haisheng")	PRC	PRC	RMB110,000,000	**–**	–	**50.8%**	50.8%	Plantation and sale of apples

Notes:

(1) Sino-foreign equity joint venture enterprise established in the PRC.

(2) Limited liability company registered in the PRC.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results, assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of reporting period.

(b) Decrease in ownership interest in subsidiaries without loss of control

On 23 December 2020, Shaanxi Chaoyue, a non-wholly owned subsidiary of the Company, entered into an investment agreement (the "Agreement I") with Luoning Chaoyue and 洛寧縣永豐現代農業投資開發有限公司(「永豐現代」), an independent third party at the time of the Agreement I, to inject an additional capital of RMB19,500,000 into Luoning Chaoyue, a non-wholly owned subsidiary of Shaanxi Chaoyue. Pursuant to the Agreement I, Shaanxi Chaoyue and 永豐現代 shall contribute additional capital of RMB1,500,000 and RMB18,000,000 respectively. 永豐現代 had made full capital contribution and the Group received total cash capital contribution of RMB18,000,000 from the non-controlling shareholder. The amount of RMB1,069,000, being the difference between the capital contribution of RMB18,000,000 and the amount of NCI adjusted of RMB19,069,000, was directly recognised in other reserve during the year ended 31 December 2020.

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42. SUBSIDIARIES (Continued)

(c) Details of non-wholly owned subsidiaries that have material NCI

In the opinion of the directors, Modern Fruit (together with its subsidiaries), Yancheng Haisheng and Luoning Chaoyue have material NCI. The NCI in respect of other subsidiaries were not material to the Group. The summarised financial information below represents amounts before intragroup eliminations.

Name	Modern Fruit and its subsidiaries		Yancheng Haisheng		Luoning Chaoyue	
	2020	2019	**2020**	2019	**2020**	2019
Principal place of business/country of incorporation	**PRC/PRC**		**PRC/PRC**		**PRC/PRC**	
% of ownership interests/voting rights held by NCI	**41.75%/ 41.75%**	41.75%/ 41.75%	**49.2%/ 49.2%**	49.2%/ 49.2%	**50.17%/ 50.17%**	42.81%/ 42.81%
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
At 31 December:						
Non-current assets	**1,894,578**	1,236,823	**211,226**	189,188	**255,558**	187,272
Current assets	**895,144**	577,556	**141,835**	142,262	**219,614**	92,378
Non-current liabilities	**(781,818)**	(399,882)	**(127,715)**	(130,000)	**(30,675)**	(25,720)
Current liabilities	**(990,299)**	(628,976)	**(33,265)**	(12,838)	**(270,812)**	(121,544)
	1,017,605	785,521	**192,081**	188,612	**173,685**	132,386
Accumulated NCI	**508,400**	382,846	**94,500**	94,661	**74,358**	56,677
Year ended 31 December:						
Revenue	**348,249**	463,777	**3,001**	47	**63,988**	36,817
Profit/(loss)	**215,427**	89,967	**(1,531)**	490	**34,433**	12,152
Other comprehensive income	**-**	-	**-**	-	**(12,634)**	(4,033)
Total comprehensive income	**215,427**	89,967	**(1,531)**	490	**21,799**	8,119
Profit/(loss) allocated to NCI	**89,753**	35,568	**(753)**	(220)	**9,332**	3,476
Net cash generated from/(used in) operating activities	**65,148**	78,244	**(1,347)**	(182,570)	**1,344**	12,490
Net cash used in investing activities	**(352,861)**	(333,047)	**(764)**	(60,546)	**(9,550)**	(17,686)
Net cash generated from/(used in) financing activities	**267,904**	225,805	**(572)**	208,770	**9,648**	3,066
Net (decrease)/increase in cash and cash equivalents	**(19,809)**	(28,998)	**(2,683)**	(34,346)	**1,442**	(2,130)

As at 31 December 2020, the pledged bank deposits and bank and cash balances of the Group's subsidiaries in the PRC denominated in RMB amounted to approximately RMB278,971,000 (2019: RMB299,904,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.