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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 0359)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

HIGHLIGHTS

- For the year ended 31 December 2017, the Group's audited revenue increased from approximately RMB1,127.4 million to approximately RMB1,382.7 million, representing an increase of approximately 22.6% over the previous financial year.
- For the year ended 31 December 2017, the Group's audited profit attributable to owners of the Company increased from approximately RMB26.8 million to approximately RMB145.1 million, representing an increase of approximately 441.0% over the previous financial year.
- For the year ended 31 December 2017, basic and diluted earnings per share amounted to approximately RMB11.37 cents and approximately RMB11.35 cents, respectively, as compared with the basic and diluted earnings per share of RMB2.12 cents and RMB2.11 cents, respectively, for the year ended 31 December 2016.
- The Board does not recommend payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

The board (the "**Board**") of directors (the "**Directors**") of China Haisheng Juice Holdings Co., Ltd. (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2017 with the comparative figures for the corresponding period in 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 RMB'000	2016 RMB'000
Revenue	4	**1,382,676**	1,127,434
Cost of sales		**(1,090,905)**	(886,627)
Gross profit		**291,771**	240,807
Other income	5	**310,040**	149,131
Other gains and losses	6	**105,779**	58,206
Change in fair value due to biological transformation		**(16,084)**	(13,840)
Distribution and selling expenses		**(181,428)**	(128,602)
Administrative expenses		**(199,929)**	(157,320)
Other expenses		**(4,534)**	(7,320)
Profit from operations		**305,615**	141,062
Finance costs	7	**(108,298)**	(91,644)
Share of loss of an associate		**(8,678)**	(1,535)
Profit before tax		**188,639**	47,883
Income tax (expense)/credit	8	**(12,479)**	25
Profit for the year	9	**176,160**	47,908
Other comprehensive income:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(580)**	394
Other comprehensive income for the year, net of tax		**(580)**	394
Total comprehensive income for the year		**175,580**	48,302

	Note	2017 RMB'000	2016 RMB'000
Profit for the year attributable to:			
Owners of the Company		**145,125**	26,825
Non-controlling interests		**31,035**	21,083
		176,160	47,908
Total comprehensive income for the year attributable to:			
Owners of the Company		**144,545**	27,219
Non-controlling interests		**31,035**	21,083
		175,580	48,302
Earnings per share	*11*		
Basic (cents per share)		**11.37**	2.12
Diluted (cents per share)		**11.35**	2.11

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2017

	Note	**2017**	2016
	Note	***RMB'000***	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,394,742**	2,115,312
Prepaid land lease payments		**122,631**	100,312
Bearer plants		**933,491**	604,631
Investment in an associate		**9,387**	8,465
Prepayments for acquisition of bearer plants		**17,464**	22,380
Deposits for acquisition of property, plant and equipment		**29,123**	21,596
Total non-current assets		**3,506,838**	2,872,696
CURRENT ASSETS			
Prepaid land lease payments		**18,564**	17,197
Biological assets		**32,611**	14,862
Inventories		**1,110,670**	1,079,545
Trade and other receivables	*12*	**398,973**	247,977
Due from related companies		**164**	164
Current tax assets		**–**	162
Pledged bank deposits		**120,168**	123,661
Bank and cash balances		**167,560**	180,941
Total current assets		**1,848,710**	1,664,509
CURRENT LIABILITIES			
Trade and other payables	*13*	**1,000,773**	824,011
Bills payables		**208,200**	210,323
Current tax liabilities		**68**	–
Dividend payable to non-controlling shareholders of a subsidiary		**63**	63
Bank and other borrowings		**1,438,768**	1,079,115
Finance lease payables		**116,571**	72,565
Deferred government grants		**4,671**	1,029
Total current liabilities		**2,769,114**	2,187,106
Net current liabilities		**(920,404)**	(522,597)
Total assets less current liabilities		**2,586,434**	2,350,099

	Note	2017 *RMB'000*	2016 RMB'000
NON-CURRENT LIABILITIES			
Other liabilities	*13*	**20,462**	9,985
Bank and other borrowings		**719,245**	810,617
Finance lease payables		**188,390**	163,909
Deferred government grants		**125,621**	129,175
Deferred tax liabilities		**22,119**	15,296
Total non-current liabilities		**1,075,837**	1,128,982
NET ASSETS		**1,510,597**	1,221,117
CAPITAL AND RESERVES			
Share capital		**13,296**	13,061
Reserves		**1,143,898**	999,198
Equity attributable to owners of the Company		**1,157,194**	1,012,259
Non-controlling interests		**353,403**	208,858
TOTAL EQUITY		**1,510,597**	1,221,117

NOTES

FOR THE YEAR ENDED 31 DECEMBER 2017

1. GENERAL

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 41(a) to the consolidated financial statements in the 2017 Annual Report.

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 (the "**Listing Rules**") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

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 this results announcement.

As at 31 December 2017, the Group had net current liabilities of RMB920,404,000. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in normal course of business.

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 2017 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 28 to the consolidated financial statements in the 2017 Annual Report.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(a) Application of new and revised IFRSs

The IASB has issued a number of new and revised IFRSs that are first effective for annual periods beginning on or after 1 January 2017. None of these impact on the accounting policies of the Group. However, the Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative require disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The effect of the amendments on the Group's consolidated financial statements has been the inclusion of additional disclosures in note 36 to the consolidated financial statements in the 2017 Annual Report.

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

The Group has not early applied new and revised IFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2017. These new and revised IFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to IFRS 2 Share-based Payment: Classification and measurement of share-based payment transactions	1 January 2018
IFRS 16 Leases	1 January 2019

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 the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for IFRS 9 and IFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ending 30 June 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that interim financial report.

IFRS 9 Financial Instruments

IFRS 9 will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classification and measurement of financial assets, new rules for hedge accounting and a new impairment model for financial assets.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to adopt the new standard on the required effective date and will not restate comparative information.

Based on an analysis of the Group's financial assets and financial liabilities as at 31 December 2017 on the basis of the facts and circumstances that exist at that date, the Directors of the Company have assessed the impact of IFRS 9 to the Group's consolidated financial statements as follows:

(a) Impairment

IFRS 9 requires the Group to recognise and measure either a 12-month expected credit loss or lifetime expected credit loss, depending on the asset and the facts and circumstances. Based on the preliminary assessment, the Group does not expect the application of the expected credit loss model will have a significant impact.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. IFRS 15 will replace the existing revenue standards, IAS 18 Revenue, which covers revenue arising from sale of goods and rendering of services, and IAS 11 Construction Contracts, which specifies the accounting for revenue from construction contracts.

IFRS 15 is effective for annual periods beginning on or after 1 January 2018. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

Based on the assessment completed to date, the Group has identified the following areas which are expected to be affected:

(a) Timing of revenue recognition

Currently, revenue arising from the provision of services is recognised over time, whereas revenue from the sale of manufactured goods and trading of raw materials is generally recognised when the risks and rewards of ownership have passed to the customers.

Under IFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. IFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

For contracts with customers in which the sales of goods is generally expected to be the only performance obligation, adoption of IFRS 15 is not expected to have any impact on the Group's revenue or profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

IFRS 16 Leases

IFRS 16 replaces IAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). IFRS 16 carries forward the accounting requirements for lessors in IAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's warehouses, office premises and lands are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under IFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

As disclosed in note 38 to the consolidated financial statements in the 2017 Annual Report, the Group's future minimum lease payments under non-cancellable operating leases for its office properties amounted to RMB1,961,943,000 as at 31 December 2017. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once IFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

4. REVENUE

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

	2017	2016
	RMB'000	*RMB'000*
Sales of fruit juice concentrate and related products	**1,293,046**	1,077,676
Sales of apples and other fruits	**89,630**	49,758
	1,382,676	1,127,434

5. OTHER INCOME

	2017	2016
	RMB'000	*RMB'000*
Interest income on bank deposits	**1,504**	779
Total interest income for financial assets that are not at fair value through profit or loss	**1,504**	779
PRC government grants *(note)*	**232,545**	142,720
Amortisation of deferred government grants	**70,470**	1,050
Others	**5,521**	4,582
	310,040	149,131

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.

6. OTHER GAINS AND LOSSES

	2017	2016
	RMB'000	*RMB'000*
Gain on disposals of saplings	**95,153**	61,797
Net foreign exchange gains/(losses)	**10,439**	(21,730)
(Loss)/gain on disposals of property, plant and equipment	**(709)**	17,359
Other gain	**896**	780
	105,779	58,206

7. FINANCE COSTS

	2017	2016
	RMB'000	*RMB'000*
Finance lease charges	**18,843**	13,185
Interest on bank and other borrowings	**127,043**	86,953
Total borrowing costs	**145,886**	100,138
Amount capitalised	**(37,588)**	(8,494)
	108,298	91,644

8. INCOME TAX EXPENSE/(CREDIT)

	2017	2016
	RMB'000	*RMB'000*
Current tax		
PRC Enterprise Income Tax ("**EIT**")	**2,959**	203
Other jurisdiction	**281**	271
Under/(over)-provision in prior years	**2,416**	(2,272)
	5,656	(1,798)
Deferred tax	**6,823**	1,773
	12,479	(25)

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 2016 and 2017. 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 2016 and 2017, 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.

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 2016 and 2017, 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., is a limited liability company incorporated in the United States of America ("**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/(credit) and the product of profit before tax multiplied by the PRC EIT rate is as follows:

	2017 *RMB'000*	2016 *RMB'000*
Profit before tax	**188,639**	47,883
Tax at the PRC EIT rate of 25% (2016: 25%)	**47,160**	11,971
Tax effect of income that is not taxable	**(60,816)**	(26,162)
Tax effect of expenses that are not deductible	**19,282**	24,358
Tax effect of tax losses not recognised	**41,533**	24,438
Tax effect of share of loss of an associate	**2,170**	384
Tax effect of utilisation of tax losses not previously recognised	**(6,890)**	(6,757)
Tax exemption and tax concession	**(40,449)**	(27,544)
Effect of different tax rate of a subsidiary operating in other jurisdiction	**1,250**	(214)
Under/(over)-provision in prior years	**2,416**	(2,272)
Withholding tax	**6,823**	1,773
Income tax expense/(credit)	**12,479**	(25)

9. PROFIT FOR THE YEAR

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

	2017 *RMB'000*	2016 *RMB'000*
Auditors' remuneration	**2,350**	2,500
Amortisation of prepaid land lease payments	**40,323**	29,671
Less: amount capitalised into cost of bearer plants/biological assets	**(30,918)**	(25,092)
	9,405	4,579
Depreciation of property, plant and equipment		
– owned assets	**76,356**	83,122
– assets under finance lease	**39,658**	30,181
	116,014	113,303
Less: amount capitalised into cost of bearer plants/biological assets	**(13,133)**	(5,683)
	102,881	107,620
Operating lease charges for land and buildings	**4,238**	3,903
Depreciation of bearer plants	**2,348**	1,193
Reversal of allowance for inventories (included in cost of sales)	**(7,522)**	–
Write off of inventories	**708**	–
Allowance for trade receivables (included in other expenses)	**–**	2,051
Cost of inventories sold	**1,090,905**	886,627
Loss/(gain) on disposals of property, plant and equipment	**709**	(17,359)
Write off of property, plant and equipment	**3,467**	1,574

	2017	2016
	RMB'000	*RMB'000*
Employee benefits expense (excluding directors' emoluments):		
Salaries, bonuses and allowances	***270,270***	*171,460*
Equity-settled share-based payments	–	*1,416*
Retirement benefit scheme contributions	***15,985***	*11,316*
Total staff costs	***286,255***	*184,192*
Less: staff costs capitalised into inventories	***(44,591)***	*(39,480)*
Less: staff costs capitalised into biological assets	***(7,777)***	–
Less: staff costs capitalised into cost of bearer plants	***(70,640)***	*(42,343)*
	163,247	*102,369*

There is a reversal of allowance for inventories of approximately RMB7,522,000 (2016: RMB Nil) for the year, 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.

10. DIVIDENDS

The Directors of the Company do not recommend the payment of any dividend for the year ended 31 December 2017 (2016: Nil).

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

	2017	2016
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of calculating basic and diluted earnings per share	**145,125**	26,825

	2017	2016
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,276,801,064**	1,262,648,000
Effect of dilutive potential ordinary shares arising from share options issued by the Company	**2,286,019**	6,560,922
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,279,087,083**	1,269,208,922

12. TRADE AND OTHER RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Trade receivables	**223,403**	98,298
Less: allowance for doubtful debts	**(7,158)**	(7,158)
	216,245	91,140
Bills receivables	**1,424**	–
Value added tax recoverable and other tax recoverable *(note)*	**71,242**	57,546
Receivables from disposals of saplings	**12,863**	32,179
Advances to suppliers	**15,893**	10,577
Other receivables, deposits and prepayments *(note)*	**81,306**	56,535
	398,973	247,977

Note: As at 31 December 2017, value added tax recoverable and deposits and other receivables of RMB21,654,000 (2016: RMB8,092,000) and RMB167,000 (2016: RMB Nil) were pledged as securities for finance lease payables and bank borrowings respectively as detailed in note 29 and note 28 to the consolidated financial statements in the 2017 Annual Report.

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:

	2017	2016
	RMB'000	*RMB'000*
0 to 90 days	**206,473**	88,090
91 to 180 days	**6,164**	2,383
181 to 365 days	**1,916**	392
Over 1 year	**1,692**	275
	216,245	91,140

As at 31 December 2017, trade receivables of approximately RMB72,651,000 (2016: RMB39,986,000) were pledged to a bank to secure bank borrowings as set out in note 28 to the consolidated financial statements in the 2017 Annual Report.

As at 31 December 2017, an allowance was made for estimated irrecoverable trade receivables of approximately RMB7,158,000 (2016: RMB7,158,000).

Reconciliation of allowance for trade receivables:

	2017	2016
	RMB'000	*RMB'000*
At 1 January	**7,158**	5,107
Allowance for the year	**–**	2,051
At 31 December	**7,158**	7,158

As of 31 December 2017, trade receivables of RMB43,107,000 (2016: RMB19,272,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2017	2016
	RMB'000	*RMB'000*
Overdue by:		
Up to 3 months	**35,380**	18,708
3 to 6 months	**5,468**	310
6 months to 1 year	**1,531**	88
Over 1 year	**728**	166
	43,107	19,272

The Directors of the Company considered that the trade receivables which are past due but not impaired are of mostly the renowned international beverage manufacturers and based on the past experience, the collectability is expected.

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

	2017	2016
	RMB'000	*RMB'000*
United States dollars ("**USD**")	**159,971**	49,428
RMB	**56,274**	41,712
Total	**216,245**	91,140

13. TRADE AND OTHER PAYABLES

	2017	2016
	RMB'000	*RMB'000*
Trade payables	**693,768**	552,418
Payables for acquisition of property, plant and equipment	**148,806**	169,170
Advances from customers	**17,533**	14,386
Accrued salaries	**20,027**	15,594
Accrued interest	**5,717**	4,534
Value added tax and other tax payables	**6,848**	4,431
Other liabilities	**20,462**	9,985
Other payables and accruals	**108,074**	63,478
	1,021,235	833,996
Less: other liabilities – non-current portion	**(20,462)**	(9,985)
	1,000,773	824,011

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:

	2017	2016
	RMB'000	*RMB'000*
0 to 90 days	**504,340**	489,580
91 to 180 days	**109,263**	17,747
181 to 365 days	**43,696**	30,156
Over 1 year	**36,469**	14,935
	693,768	552,418

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

	2017	2016
	RMB'000	*RMB'000*
USD	**36,395**	17,853
RMB	**657,373**	534,565
Total	**693,768**	552,418

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the financial year ended 31 December 2017, the Group recorded a revenue of approximately RMB1,382.7 million, representing an increase of 22.6% over the previous year. Gross profit margin for the current year is 21.1% as against 21.4% in the previous financial year.

The increase in revenue in 2017 was mainly attributable to (i) the increase in sales volume of apple juice concentrate by 19% as adverse weather conditions in Europe affected its production of apple juice concentrate and customers imported more apple juice concentrate from the PRC in 2017; and (ii) the significant increase in the sales volume of juice beverage, fresh fruits and apple pectin due to the increasing effort in marketing of those products during the year.

The overall gross profit margin in 2017 was slightly decreased from 21.4% to 21.1%. Sales price of the apple juice concentrate was relatively lower in 2017 due to the increase in its supply in the PRC. The effect of the increase in sales volume of relatively high gross profit margin products including juice beverage and apple pectin was net off by the decrease in gross profit margin in apple juice concentrate. Consequently, the overall gross profit margin slightly decreased.

Other income increased by 107.9% to approximately RMB310.0 million and which were mainly non-recurrent subsidies from the PRC government.

The increase in other gains and losses by 81.7% to approximately RMB105.8 million was mainly attributable to the increase in gain on disposals of saplings and net foreign exchange gains.

The increase in distribution and selling expenses by 41.1% to approximately RMB181.4 million was mainly attributable to the increasing effort in marketing of fresh fruits and juice beverage. The distribution channels in the wholesale markets in the PRC were significantly increased.

The administrative expenses increased by 27.1% to approximately RMB199.9 million was mainly attributable to the increase in number of fruit agriculture bases resulting in increasing staff costs.

The increase in finance costs by 18.2% to approximately RMB108.3 million was mainly attributable to the increase in overall bank and other borrowings in 2017.

Attributable mainly to the aforesaid, the Group's audited profit attributable to owners of the Company increased to approximately RMB145.1 million, representing an increase of 441.0% 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 2017, the Group's bank and other borrowings, bills payables and finance lease payables amounted to approximately RMB2,671.2 million (2016: RMB2,336.5 million), among which, approximately RMB1,522.8 million (2016: RMB1,365.7 million) were secured by way of charge on the Group's assets. Approximately RMB350.8 million were denominated in USD while approximately RMB2,320.4 million were denominated in RMB.

	2017	2016
	RMB'000	*RMB'000*
Bank loans	**1,669,127**	1,514,892
Other borrowings	**445,748**	373,545
Loans from government	**43,138**	1,295
Bills payables	**208,200**	210,323
Finance lease payables	**304,961**	236,474
	2,671,174	2,336,529

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 2017, the bank and cash balances including pledged bank deposits amounted to approximately RMB287.7 million (2016: RMB304.6 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 finance lease payables less pledged bank deposits and bank and cash balances 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 2017 the gearing ratio was 157.8% (2016: 166.4%).

Formation of non-wholly owned subsidiaries

(a) On 3 March 2017, 陝西超越農業有限公司 (Shaanxi Chaoyue Agriculture Company Limited*) ("**Shaanxi Chaoyue**"), a non-wholly owned subsidiary of the Company, entered into a joint venture agreement (the "**Qingyang Ningyue Agreement**") with Ningxian Junong Apple Industry Fund Professional Cooperative ("**Ningxian Junong**") in relation to the formation of 慶陽寧越現代農業有限公司 (Qingyang Ningyue Modern Agriculture Co., Ltd.*) ("**Qingyang Ningyue**") in Ning Xian, Gansu Province, the PRC with a registered capital of RMB78 million. Pursuant to the terms of the Qingyang Ningyue Agreement, each of Shaanxi Chaoyue and Ningxian Junong would contribute RMB46.8 million and RMB31.2 million, respectively, to the registered capital of Qingyang Ningyue which would be owned as to 60% by Shaanxi Chaoyue and 40% by Ningxian Junong. Qingyang Ningyue would be principally engaged in the modernised plantation and sale of apple and other fruits.

* *For identification purpose only*

(b) On 12 October 2017, 鎮原縣海越農業有限公司 (Zhenyuan County Haiyue Agriculture Company Limited*) ("**Zhenyuan Haiyue**"), a non-wholly owned subsidiary of the Company, entered into a joint venture agreement (the "**Zhenyuan Fuyue Agreement**") with 鎮原縣扶貧開發投資有限公司 (Zhenyuan County Poverty Alleviation Development and Investment Company Limited*) ("**ZPDI**") in relation to the formation of 鎮原縣扶越農業有限公司 (Zhenyuan County Fuyue Agriculture Company Limited*) ("**Zhenyuan Fuyue**") in Zhenyuan County, Gansu Province, the PRC with a registered capital of RMB130 million. Pursuant to the terms of the Zhenyuan Fuyue Agreement, each of Zhenyuan Haiyue and ZPDI would contribute RMB78 million and RMB52 million, respectively, to the registered capital of Zhenyuan Fuyue which would be owned as to 60% by Zhenyuan Haiyue and 40% by ZPDI. Zhenyuan Fuyue would be principally engaged in the modernised extensive plantation and sale of apple and other fruits.

Decrease in ownership interest in subsidiaries without loss of control

(a) On 8 January 2017, Shaanxi Chaoyue, a non-wholly owned subsidiary of the Company, entered into an investment cooperation agreement (the "**Investment Cooperation Agreement**") with 彬縣城市建設投資開發有限責任公司 ("Bin County Urban Construction Investment Development Co., Ltd.*) ("**Bin County Urban Construction**"), to inject an additional capital of RMB40,000,000 into Bin County Haiyue Agriculture Co., Ltd. ("**Bin County Haiyue**"), a non-wholly owned subsidiary of the Group. Pursuant to the Investment Cooperation Agreement, Shaanxi Chaoyue and Bin County Urban Construction shall contribute additional capital of RMB24,000,000 and RMB16,000,000 respectively. Bin County Urban Construction had made full capital contribution and the Group received total cash capital contribution of RMB16,000,000 from the non-controlling shareholder. The Group's equity interest in Bin County Haiyue was diluted from 69.0% to approximately 66.8% and Bin County Haiyue continued to be an indirect non-wholly owned subsidiary of the Company.

(b) On 15 February 2017, 陝西現代果業集團有限公司 (Shaanxi Modern Fruit Group Co., Ltd.*) ("**Modern Fruit**"), an indirect non-wholly owned subsidiary of the Company, entered into a capital raise agreement (the "**Capital Raise Agreement**") with 寧波信合聚力投資合夥企業(有限合夥) (Ningbo Xinhe Juli Investment Partnership Limited*) ("**Ningbo Xinhe**") and 寧波梅山保稅港區信稷投資合夥企業(有限合夥) (Ningbo Meishan Baoshui Gang District Xinji Investment Partnership Limited*) ("**Ningbo Meishan Xinji**") to inject an additional capital of RMB50,000,000 into Modern Fruit. Pursuant to the Capital Raise Agreement, Ningbo Xinhe and Ningbo Meishan Xinji shall contribute additional capital of RMB300,000 and RMB49,700,000 respectively. The Group's equity interest in Modern Fruit was diluted from 65.8% to approximately 58.2% and Modern Fruit continued to be an indirect non-wholly owned subsidiary of the Company.

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 purpose only*

Capital commitments

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

	2017	2016
	RMB'000	*RMB'000*
Property, plant and equipment	**255,535**	204,780
Bearer plants	**2,764**	18,208
Capital contribution to an associate	**29,400**	39,000
	287,699	261,988

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 finance lease payables:

	2017	2016
	RMB'000	*RMB'000*
Property, plant and equipment	**1,071,973**	702,892
Bearer plants	**19,352**	–
Prepaid land lease payments	**41,401**	36,869
Pledged bank deposits	**120,168**	123,661
Inventories	**437,069**	494,365
Trade and other receivables	**94,472**	48,078
	1,784,435	1,405,865

Contingent liabilities

The Group has no material contingent liabilities as at 31 December 2017 (2016: Nil).

Business Review

1. Juice concentrate and by-product processing

In 2017, a decrease in the production volumes of apple in Europe, a major apple producer in the world, due to adverse weather condition and coupled with the increase in prices of apple raw materials caused the price of apple juice in Europe increased significantly, which offered the PRC's apple juice a certain of price advantages in the International market for the year. The PRC's apple juice concentrates export volume increased by 29% from 506,000 tons in 2016 to approximately 655,000 tons in 2017. During the year, the Group further controlled costs through comprehensive budget management, optimised its product mix and enhanced the comprehensive competitiveness of products which helped improve the fruit juice operation segment.

In 2017, the Group remained as the largest exporter of apple juice concentrate in the PRC, while export volumes to Russia, Europe, Australia as well as USA and Canada rose by 30%, 60%, 87% and 23% as compared with last year, respectively. During the reporting period, the Group thoroughly explored the whole industry chain of apple processing, optimised production efficiency, diversified its product mix, improved product quality and strengthened cooperation with clients through quality services. On one hand, the Group put more efforts to develop pectin products and diversify its product offerings to improve the loyalty of quality customers and achieved a substantial increase in sales. On the other hand, minor fruit juice products of the Group, such as fructose, flavors, sweet potato juice and strawberry syrup gained market recognition that resulted in an additional increment of sales.

In connection to the domestic market, the Group extended into end-user markets downstream and launched "Eden View" series of high-end bottled juice, which received high recognition from increasingly diversified customers in the market and achieved continuous increase in sales. In response to the ever-growing consumer demand, the Group constructed a beverage production line in Qianyang, Baoji City. In addition, according to the market demand, the Group adjusted the type of bottled juice to meet various demands of consumers and consumer markets. In connection to products, the Group continued to expand business to consumer product field to improve product research and development capability.

With regard to production, the Group developed a market-oriented and rationalised production plan to control prices of raw materials, enhance efficiency and reduce costs and promote the layout in organic product industry.

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

Jam bottle Patent No. 201730103563.8
Bottle Patent No. 201730104323.X

The Group completed 4 applications of patents for invention and 3 applications of patents for appearance design, among which 2 patents were approved.

Prospect

In 2018, in light of the tight demand of pectin and the "Eden View" bottled juice in the existing market and in addition to consolidating existing apple juice concentrate business, the Group will strengthen the marketing of those two products to enhance profitability of the fruit processing segment, expand production capacity and seek innovation to sustain such enhancement and boost the operating profits of the Group.

2. ***Modernised agriculture***

After the development in recent years, the modernised agriculture segment of the Group has built up a product mix comprising of temperate fruit products as well as tropical fruits, berries, vegetables, candy tomatoes and other products. The segment had set up seven business departments, such as temperate fruits, tropical fruits, berries, vegetables, agricultural facilities, tourism and fresh fruit marketing.

As at the end of 2017, the temperate fruits business department had established 39 modernised apple plantation bases and five plantation bases for pear, cherry and kiwi, which covered more than 60,000 mu in total. As for seedling cultivation technology, the Group actively conducted trial plantation of new rootstock and varieties of kiwi and cherry while improving mature apple seedling cultivation technology to reserve premium varieties for the whole agriculture segment. As for orchard establishment, the Group absorbed advanced theoretical experience at home and abroad, and combined with its actual production to increase output, improve quality and optimise the cost structure.

As at the end of 2017, the tropical fruits business department of the Group established nine orchards in Guangxi Province, Sichuan Province and Guizhou Province with a total area of over 20,000 mu. Meanwhile, the Group constructed a high-standard virus-free citruses seedling breeding center in Guangxi Province, with annual capacity of one million seedlings. The berries business department contracted a demonstrative berry farm in Pingchang County, Sichuan Province, with an area of 3,000 mu. The planting area of blueberries was enlarged to 3,350 mu. The Group applied several technical models, including seeding in summer and planting in winter, introducing new cultivation model of "June Berry", early seeding in high altitude regions and flower bud differentiation for young plant in winter, which helped ensure continuous supply of berries for the whole year. The agricultural facilities business department completed the construction of a 50,000 square meters multi-span smart strawberry greenhouse in Tongchuan City, Shaanxi Province. Based on that, the Group successfully completed the construction of 120,000 square meters semi-closed smart candy tomatoes glass greenhouse in Pingliang City, Gansu Province and put into operation during the year. In addition, the Group also contracted and prepared to construct 200,000 square meters semi-closed smart glass greenhouse at the end of the year. Pure Twig strawberries (枝純草莓) and candy tomatoes produced by the agricultural facilities business department passed the certification in Hong Kong and Macau. The vegetables business department built four modernised baby carrot plantation bases and contracted exclusive cultivation and selling rights of two premium carrot varieties in the PRC and introduced a new brand "Parisian style cut carrots" (脆樂球) based on the "Sweetheart" (吮指甜心) brand.

The Group continued to explore, improve and commit to enhance the overall production level of its planting bases and product quality in respect of seedlings, cultivation techniques, production standards and post-harvest management. During the reporting period, the Group introduced premium varieties of USA and European apples, kiwi, berries and blueberries from Italy, Germany and Netherlands. Equipped with sound post-harvest management system of sorting, warehousing and cold chain logistics, sorting and processing system, and plant protection monitoring system, both the quality and quantity of agriculture products were enhanced and stable supply was secured throughout the year.

In 2017, the three major perishable products of the Group (apple, baby carrot and strawberry), with an addition to two high-end quality new products, namely facilities strawberry and candy tomato, recorded significant growth of sales as compared with last year. With regard to channel, leveraging on the full coverage of offline distributor channels, hypermarkets, national and regional fruit chain stores, wholesale markets and bakeries, the Group continued to develop other channels such as cinema and bars to gradually expand the marketing scope. The Group established 3D sales network with nationwide on-line platforms, including Tmall, Youzan, Yiguo, JD.com and Daily Fresh (每日優鮮). The Group established a sales system with five sales regions in Northern China, Eastern China, Southern China, Northwest and Southwest extended nationwide and matching with e-commerce companies in a combination of on-line and offline sales. During the reporting period, the Group forged long-term strategic cooperation with Jiawo Golden Wing Mau Group, Pagoda, Yonghui, Jinguoyuan, CP Lotus and Ren Ren Le, and successfully settled in emerging chain experience store of the perishable product industry, such as "Hemaxiansheng" (盒馬鮮生) and JD "7Fresh". In addition, the Group set up sales stores in the wholesale markets in various cities across the country to fill the blank of channel segments and enhance the Group's capability to sell fruits and vegetables in bulk. In brand building, the Group has established a brand structure based on the three major brands, namely the parent brand "Eden View", the high-end brand "Pure Twig" (枝純) and "Sweetheart" (吮指甜心), to enhance its brand awareness through brand marketing, exhibition and promotion, on-line publicity, and media coverage and provide strong support for product sales.

Prospect

In the future, the Group will continue to seek expansion in the international market, optimise team structure, increase technical and skill training for staff, and continuously improve product quality and management standards of the Group. With regard to channel expansion, the Group expects to continue to expand channels in first-tier cities and at the same time make effort in developing those in second-tier and third-tier cities, continuously seek for special channel and chain channel based on the original channels, and create a brand image with the support of high-end "Pure Twig" (枝純) and "Eden View" series of brands, so as to maximise the product value, brand value and market value.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting of the Company (the "**Annual General Meeting**") will be held on Monday, 28 May 2018. The notice of the Annual General Meeting will be published on the Company's website and the Stock Exchange's website and sent to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from Wednesday, 23 May 2018 to Monday, 28 May 2018 (both dates inclusive). In order to determine the identity of the shareholders who are entitled to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30pm on Monday, 21 May 2018.

DIVIDENDS

The Board does not recommend any payment of final dividend for the year ended 31 December 2017.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The sections below set out an extract of the report by RSM Hong Kong, the auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 31 December 2017:

Opinion

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 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that as of 31 December 2017, the Group's current liabilities exceeded its current assets by approximately RMB920,404,000. As stated in Note 2, this condition indicates 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.

EVENTS AFTER THE REPORTING PERIOD

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

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

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

* *For identification purpose only*

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2017, the Company has complied, saved for the deviations discussed below, with the principles and provisions as set out in the code provisions contained in the Corporate Governance Code (the "**CG Code**") (which is set out in the Appendix 14 of the Listing Rules) by establishing formal and transparent procedures to protect and maximise the interests of shareholders of the Company.

Code Provision A.2.1 providing for the roles of the chairman and chief executive officer (or chief executive) to be performed by different individuals. At present, the Company does not have a competent candidate for the position of chief executive officer. Mr. Gao Liang, therefore, acts as the chairman and chief executive officer of the Company. Code Provision A.6.7 (the "**Second Deviation**") providing for the independent non-executive Directors to, inter alia, attend general meetings. Code Provision E.1.2 (the "**Third Deviation**") providing for the chairman of the board (the "**Chairman**") to attend the annual general meeting of the Company and to invite the chairman of audit, remuneration and nomination committees to attend. Regarding the Second Deviation and the Third Deviation, the Chairman and two independent non-executive Directors, namely Mr. Zhao Boxiang (chairman of remuneration committee) and Mr. Li Yuanrui (resigned on 6 July 2017), were absent from both the last annual general meeting and the extraordinary general meeting of the Company held on 8 June 2017 due to their other important engagements at the relevant time. Other Board committee members, including members of the remuneration and nomination committees, attended the aforesaid general meetings and made themselves available to answer questions.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

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

STAFF AND REMUNERATION POLICIES

As at 31 December 2017, the Group had 2,950 employees (2016: 2,093 employees). The Group mainly determines staff remuneration in accordance with market terms and individual qualifications.

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

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

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the year ended 31 December 2017.

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

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

AUDIT COMMITTEE

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

The audit committee has reviewed and discussed the audited final results for the year ended 31 December 2017.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2017.

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

The electronic version of this announcement will be published on the website of the Stock Exchange at http://www.hkex.com.hk and on the website of the Company at http://www.chinahaisheng.com. An annual report for the year ended 31 December 2017 containing all the information required by Appendix 16 to the Listing Rules will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

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

Xi'an, the People's Republic of China, 28 March, 2018

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