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 UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

HIGHLIGHTS

- For the year ended 31 December 2019, the Group's revenue decreased from approximately RMB1,752.8 million to approximately RMB1,232.4 million, representing a decrease of approximately 29.7% over the previous financial year.
- For the year ended 31 December 2019, the loss attributable to owners of the Company recorded by the Group was approximately RMB127.1 million, while the profit attributable to owners of the Company recorded by the Group was approximately RMB79.7 million for the previous financial year.
- For the year ended 31 December 2019, basic and diluted loss per share amounted to approximately RMB9.85 cents and RMB9.85 cents, respectively, as compared with the basic and diluted earnings per share of approximately RMB6.18 cents and RMB6.18 cents, respectively, for the year ended 31 December 2018.
- The Board does not recommend payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

The board (the "**Board**") of directors (the "**Directors**") of China Haisheng Juice Holdings Co., Ltd. (the "**Company**") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019 with the comparative figures for the corresponding period in 2018, as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	**2019**	2018
		RMB'000	*RMB'000*
		(Unaudited)	(Audited)
Revenue	*4*	**1,232,391**	1,752,807
Cost of sales		**(1,130,926)**	(1,500,567)
Gross profit		**101,465**	252,240
Other income	*5*	**290,596**	239,727
Other gains and losses	*6*	**9,352**	60,070
Impairment losses for trade receivables		**(3,071)**	(4,312)
Change in fair value due to biological transformation		**230,223**	235,988
Distribution and selling expenses		**(286,128)**	(292,622)
Administrative expenses		**(280,427)**	(253,033)
Other expenses		**(8,024)**	(3,830)
Profit from operations		**53,986**	234,228
Finance costs	*7*	**(155,066)**	(139,078)
Share of loss of an associate		**(296)**	(1,638)
(Loss)/profit before tax		**(101,376)**	93,512
Income tax expense	*8*	**(9,463)**	(15,726)
(Loss)/profit for the year	*9*	**(110,839)**	77,786
Other comprehensive income:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**45**	431
Other comprehensive income for the year, net of tax		**45**	431
Total comprehensive income for the year		**(110,794)**	78,217
(Loss)/profit for the year attributable to:			
Owners of the Company		**(127,054)**	79,686
Non-controlling interests		**16,215**	(1,900)
		(110,839)	77,786
Total comprehensive income for the year attributable to:			
Owners of the Company		**(127,009)**	80,117
Non-controlling interests		**16,215**	(1,900)
		(110,794)	78,217
(Loss)/earnings per share	*11*		
Basic (cents per share)		**(9.85)**	6.18
Diluted (cents per share)		**(9.85)**	6.18

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	Note	**2019**	2018
		RMB'000	*RMB'000*
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**4,193,577**	3,101,839
Right-of-use assets		**1,084,112**	–
Prepaid land lease payments		**–**	154,215
Bearer plants		**1,540,029**	1,130,881
Investment in an associate		**7,453**	7,749
Biological assets		**79,594**	119,780
Prepayments for acquisition of bearer plants		**30,156**	6,293
Deposits for acquisition of property, plant and equipment		**35,485**	22,406
Total non-current assets		**6,970,406**	4,543,163
CURRENT ASSETS			
Prepaid land lease payments		**–**	18,567
Biological assets		**95,454**	31,842
Inventories		**839,640**	748,092
Trade and other receivables	*12*	**399,912**	432,444
Due from related companies		**164**	164
Pledged bank deposits		**103,157**	348,629
Bank and cash balances		**212,135**	309,033
Total current assets		**1,650,462**	1,888,771
CURRENT LIABILITIES			
Trade and other payables	*13*	**1,557,167**	1,089,593
Bills payables		**186,000**	409,854
Current tax liabilities		**1,221**	277
Dividend payable to non-controlling shareholders of a subsidiary		**63**	63
Bank and other borrowings		**2,589,534**	1,338,424
Lease liabilities		**135,463**	–
Finance lease payables		**–**	171,449
Deferred government grants		**10,488**	7,409
Total current liabilities		**4,479,936**	3,017,069
Net current liabilities		**(2,829,474)**	(1,128,298)
Total assets less current liabilities		**4,140,932**	3,414,865

	Note	2019	2018
		RMB'000	*RMB'000*
		(Unaudited)	(Audited)
NON-CURRENT LIABILITIES			
Other liabilities	*13*	**–**	47,995
Bills payables		**–**	25,598
Bank and other borrowings		**1,002,823**	1,170,861
Lease liabilities		**996,775**	–
Finance lease payables		**–**	179,423
Deferred government grants		**202,379**	143,472
Deferred tax liabilities		**31,543**	26,805
Total non-current liabilities		**2,233,520**	1,594,154
NET ASSETS		**1,907,412**	1,820,711
CAPITAL AND RESERVES			
Equity attributable to owners of the Company			
Share capital		**13,296**	13,296
Reserves		**1,099,959**	1,226,968
		1,113,255	1,240,264
Non-controlling interests		**794,157**	580,447
TOTAL EQUITY		**1,907,412**	1,820,711

NOTES

FOR THE YEAR ENDED 31 DECEMBER 2019

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 (i) manufacture and sales of fruit juice concentrate and related products; and (ii) plantation and sales of apple saplings, apples and other fruits.

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.

The Group incurred a net loss of approximately RMB110,839,000 during the year ended 31 December 2019 and, as of that date, the Group had net current liabilities of approximately RMB2,829,474,000. 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 2019 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.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(a) Application of new and revised IFRSs

The IASB has issued a new IFRS, IFRS 16 Leases, and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

Except for IFRS 16, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, and the related interpretations, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduced a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less and leases of low-value assets.

IFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under IAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. 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 applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting and transitional impact

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets which are exempt.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied the incremental borrowing rates of the relevant Group entities at the date of initial application. The incremental borrowing rates applied by the relevant group entities range from 6.06% to 17.58%.

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

(I) elected not to apply the requirements of IFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(II) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension options;

(III) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

(IV) relied on the assessment of whether the leases are onerous by applying IAS 37 as an alternative to an impairment review.

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 Income Taxes 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.

The right-of-use assets in relation to the leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 31 December 2018.

Refundable rental deposits paid are accounted under IFRS 9 Financial Instruments 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.

So far as the impact of the adoption of IFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of IFRS 16, other than changing the captions for the balances. Accordingly, instead of "Finance lease payables", these amounts are included within "Lease liabilities", and the depreciated carrying amount of the corresponding leased assets is identified as right-of-use assets. There is no impact on the opening balance of equity.

(iii) Impact of the financial results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss and other comprehensive income, as compared to the results if IAS 17 had been applied during the year.

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their principal element and interest element. These elements are classified as financing cash outflows and operating cash outflows respectively. Although total cash flows are unaffected, the adoption of IFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated statement of cash flows.

(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 2019. 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 IAS 1 to IAS 8 Definition of Material	1 January 2020

The Group is in the process of making an assessment of what the impact of these amendments 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. REVENUE

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

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Sales of fruit juice concentrate and related products	**750,913**	1,306,138
Sales of apples and other fruits	**396,184**	201,729
Sales of apple saplings	**85,294**	244,940
	1,232,391	1,752,807

5. OTHER INCOME

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Interest income on bank deposits	**1,214**	2,879
PRC government grants (note)	**276,622**	225,739
Amortisation of deferred government grants	**8,820**	4,696
Others	**3,940**	6,413
	290,596	239,727

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

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Gain on disposals of saplings (note)	**3,368**	64,024
Gain on disposals of consumables	**5,475**	4,400
Net foreign exchange gains/(losses)	**3,353**	(12,032)
Loss on disposals of property, plant and equipment	**(3,139)**	(2,387)
Other gain	**295**	6,065
	9,352	60,070

Note: The amount for the year ended 31 December 2018 included gain on disposals of apple saplings of approximately RMB59,571,000 before apple saplings ceased to meet the definition of bearer plants.

7. FINANCE COSTS

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Interest expense on lease liabilities	**157,263**	–
Finance lease charges	**–**	28,095
Interest on bank and other borrowings	**188,837**	154,465
Total borrowing costs	**346,100**	182,560
Amount capitalised	**(191,034)**	(43,482)
	155,066	139,078

8. INCOME TAX EXPENSE

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current tax		
PRC Enterprise Income Tax ("**EIT**")	**2,311**	2,159
Other jurisdiction	**303**	494
Withholding tax	**18**	–
Underprovision in prior years	**2,093**	8,387
	4,725	11,040
Deferred tax	**4,738**	4,686
	9,463	15,726

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 2018 and 2019. 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 2018 and 2019, 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 2018 and 2019, 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 and the product of (loss)/profit before tax multiplied by the PRC EIT rate is as follows:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
(Loss)/profit before tax	**(101,376)**	93,512
Tax at the PRC EIT rate of 25% (2018: 25%)	**(25,344)**	23,378
Tax effect of income that is not taxable	**(38,926)**	(25,228)
Tax effect of expenses that are not deductible	**65,002**	25,882
Tax effect of tax losses not recognised	**88,724**	55,076
Tax effect of share of loss of an associate	**74**	409
Tax effect of utilisation of tax losses not previously recognised	**(11,076)**	(2,384)
Tax exemption and tax concession	**(78,871)**	(74,227)
Effect of different tax rate of a subsidiary operating in other jurisdiction	**3,031**	(253)
Underprovision in prior years	**2,093**	8,387
Withholding tax	**4,756**	4,686
Income tax expense	**9,463**	15,726

9. (LOSS)/PROFIT FOR THE YEAR

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

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Auditors' remuneration	**2,400**	2,300
Amortisation of prepaid land lease payments	**–**	78,133
Less: amount capitalised into cost of bearer plants/biological assets	**–**	(74,704)
	–	3,429
Depreciation of property, plant and equipment		
– owned assets	**79,435**	61,076
– assets under finance lease	**–**	40,004
	79,435	101,080
Less: amount capitalised into cost of bearer plants/biological assets/inventories	**(52,126)**	(64,854)
	27,309	36,226
Depreciation of right-of-use assets	**74,228**	–
Less: amount capitalised into cost of bearer plants/biological assets/inventories	**(33,370)**	–
	40,858	–
Operating lease charges for land and buildings	**–**	16,704
Depreciation of bearer plants	**4,054**	2,514
Less: amount capitalised into biological assets	**(4,054)**	(2,514)
	–	–
(Reversal of allowance)/allowance for inventories (included in cost of sales)	**(21,008)**	26,551
Write off of bearer plants	**20**	152
Write off of biological assets	**14,437**	11,617
Write off of inventories	**346**	91
Cost of inventories sold	**1,130,926**	1,500,567
Loss on disposals of property, plant and equipment	**3,139**	2,387
Write off of property, plant and equipment	**662**	1,259

There was a reversal of allowance for inventories of approximately RMB21,008,000 (2018: RMBNil) for the year, being the result of persistent effort of management to improve the ageing of inventories and certain slow-moving inventories were 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 2019 (2018: Nil).

11. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The calculation of basic loss (2018: earnings) per share attributable to owners of the Company is based on the loss (2018: profit) for the year attributable to owners of the Company of approximately RMB127,054,000 (2018: RMB79,686,000) and the weighted average number of ordinary shares of 1,289,788,000 (2018: 1,289,788,000) in issue during the year.

Diluted (loss)/earnings per share

As the Company did not have any dilutive potential ordinary shares for the year ended 31 December 2019 and there were no dilutive potential ordinary shares for the Company's share options for the year ended 31 December 2018, diluted loss (2018: earnings) per share was the same as the basic loss (2018: earnings) per share for both years.

12. TRADE AND OTHER RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**178,310**	231,810
Less: allowance for doubtful debts	**(3,280)**	(6,473)
	175,030	225,337
Bills receivables	**1,084**	10,176
Value added tax recoverable and other tax recoverable *(note)*	**44,981**	44,214
Receivables from disposals of saplings	**–**	5,891
Advances to suppliers	**22,150**	17,133
Other receivables, deposits and prepayments *(note)*	**156,667**	129,693
	399,912	432,444

Note: As at 31 December 2019, value added tax recoverable and deposit and other receivables of approximately RMB909,000 (2018: RMB2,110,000) and RMB3,000,000 (2018: RMB7,985,000) were pledged as securities for lease liabilities and bank and other borrowings (2018: finance lease payables and bank and other borrowings) respectively.

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:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 90 days	**145,246**	148,911
91 to 180 days	**18,528**	63,818
181 to 365 days	**7,578**	5,891
Over 1 year	**3,678**	6,717
	175,030	225,337

As at 31 December 2019, trade receivables of approximately RMBNil (2018: RMB43,725,000) were pledged to a bank to secure bank borrowings.

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

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
United States dollars ("USD")	**38,607**	65,815
RMB	**136,423**	159,522
Total	**175,030**	225,337

13. TRADE AND OTHER PAYABLES

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**761,570**	652,476
Payables for acquisition of property, plant and equipment	**297,346**	174,116
Contract liabilities	**59,557**	64,451
Accrued salaries	**70,944**	26,012
Accrued interest	**13,158**	7,850
Value added tax and other tax payables	**11,399**	7,691
Other liabilities	**–**	47,995
Other payables and accruals	**343,193**	156,997
	1,557,167	1,137,588
Less: other liabilities – non-current portion	**–**	(47,995)
	1,557,167	1,089,593

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:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 90 days	**361,690**	384,638
91 to 180 days	**184,726**	114,322
181 to 365 days	**93,645**	106,151
Over 1 year	**121,509**	47,365
	761,570	652,476

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

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
USD	**20,341**	38,611
RMB	**741,229**	613,865
Total	**761,570**	652,476

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

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Billings in advance of performance obligation for sales of goods	**59,557**	64,451

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

Movements in contract liabilities:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Balance at 1 January	**64,451**	17,533
Decrease in contract liabilities as a result of recognising revenue during the year was included in the contract liabilities at the beginning of the period	**(64,451)**	(17,533)
Increase in contract liabilities as a result of advance received from customers	**59,557**	64,451
Balance at 31 December	**59,557**	64,451

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the financial year ended 31 December 2019, the Group recorded a revenue of approximately RMB1,232.4 million, representing a decrease of approximately 29.7% over the previous year. Gross profit margin for the current year is 8.2% as against 14.4% in the previous financial year.

The decrease in revenue in 2019 was mainly attributable to the China-USA trade friction and the decrease of sales volume as compared with the previous year resulting from the enlarged procurement volume under the USA customers' expectation of additional tariffs in 2018.

The decrease in gross profit margin in 2019 was mainly due to the higher raw materials costs in 2018 which led to the increase of inventory costs in 2019.

Other income increased by 21.2% to approximately RMB290.6 million and the increase was mainly due to the increase of government grants and amortisation of deferred government grants.

Other gains and losses decreased by 84.4% to approximately RMB9.4 million and the decrease was due to the fact that the amount for the year ended 31 December 2018 included gain on disposals of apple saplings of approximately RMB59.6 million before apple saplings ceased to meet the definition of bearer plants.

Distribution and selling expenses decreased by 2.2% to approximately RMB286.1 million and it was due to the decrease in the export volume of fruit juice segment which led to the corresponding decrease of freight and port miscellaneous charges.

Administrative expenses increased by 10.8% to approximately RMB280.4 million and it was due to the costs increase led by increased planting area and production volume.

Finance costs increased by 11.5% to approximately RMB155.1 million and it was due to the increase in bank and other borrowings.

Attributable mainly to the aforesaid, the loss attributable to owners of the Company recorded by the Group was approximately RMB127.1 million, while the profit attributable to owners of the Company recorded by the Group was approximately RMB79.7 million for the previous financial year, representing a decrease of 259.5% 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 2019, the Group's bank and other borrowings, bills payables and lease liabilities amounted to approximately RMB4,910.6 million (2018: RMB3,295.6 million), among which, approximately RMB2,680.2 million (2018: RMB2,337.0 million) were secured by way of charge on the Group's assets. Approximately RMB32.1 million and RMB4,878.5 million were denominated in USD and RMB respectively.

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Bank loans	**2,464,679**	1,884,000
Other borrowings	**1,020,728**	554,199
Loans from government	**106,950**	71,086
Bills payables	**186,000**	435,452
Lease liabilities	**1,132,238**	–
Finance lease payables	**–**	350,872
	4,910,595	3,295,609

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 2019, the bank and cash balances including pledged bank deposits amounted to approximately RMB315.3 million (2018: RMB657.7 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 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 2019, the gearing ratio was 240.9% (2018: 144.9%).

Significant Investments Held and Material Acquisition and Disposals

a) On 5 September 2019, 陝西超越農業有限公司 ("**Shaanxi Chaoyue**"), a non-wholly owned subsidiary of the Company, entered into a joint venture agreement (the "**Agreement I**") with 銅川綠能智庫管理諮詢合夥企業有限公司 ("**Tongchuan Lvneng**") and 銅川市王益區新動能投資發展有限公司 ("**Wangyi Xindongneng**"), both of which were independent third parties at the time of the Agreement I, pursuant to which Shaanxi Chaoyue, Tongchuan Lvneng and Wangyi Xindongneng have agreed to establish 銅川海馳農業科技有限公司 ("**Tongchuan Haichi**") with a registered capital of RMB120,000,000 and each of Shaanxi Chaoyue, Tongchuan Lvneng and Wangyi Xindongneng has agreed to contribute to the registered capital of Tongchuan Haichi at RMB50,000,000, RMB49,000,000 and RMB21,000,000, respectively. Upon the completion of the capital contributions, Tongchuan Haichi will be owned as to 41.67%, 40.83% and 17.50% by Shaanxi Chaoyue, Tongchuan Lvneng and Wangyi Xindongneng respectively.

b) On 14 October 2019, 威寧超越農業有限公司 ("**Weining Chaoyue**"), a non-wholly owned subsidiary of the Company, entered into a joint venture agreement (the "**Agreement II**") with 威寧彝族回族苗族自治縣農業產業發展投資有限公司 ("**Weining Nongye**"), an independent third party at the time of the Agreement II, pursuant to which Weining Chaoyue and Weining Nongye have agreed to establish 威寧儂超現代農業有限公司("**Weining Nongchao**") with a registered capital of RMB40,000,000 and each of Weining Chaoyue and Weining Nongye has agreed to contribute to the registered capital of Weining Nongchao at RMB28,000,000 and RMB12,000,000, respectively. Upon the completion of the capital contributions, Weining Nongchao will be owned as to 70% and 30% by Weining Chaoyue and Weining Nongye respectively.

c) On 11 December 2019, 來賓海升農業有限公司 ("**Laibin Haisheng**"), a non-wholly owned subsidiary of the Company, entered into a joint venture agreement (the "**Agreement III**") with 廣西來賓現代農業投資集團有限公司 ("**Guangxi Laibin Modern Agriculture**"), an independent third party at the time of the Agreement III, pursuant to which Laibin Haisheng and Guangxi Laibin Modern Agriculture have agreed to establish 來賓海升田園農業有限公司 ("**Laibin Haisheng Garden Agriculture**") with a registered capital of RMB30,000,000 and each of Laibin Haisheng and Guangxi Laibin Modern Agriculture has agreed to contribute to the registered capital of Laibin Haisheng Garden Agriculture at RMB19,500,000 and RMB10,500,000, respectively. Upon the completion of the capital contributions, Laibin Haisheng Garden Agriculture will be owned as to 65% and 35% by Laibin Haisheng and Guangxi Laibin Modern Agriculture respectively.

d) On 19 December 2019, Shaanxi Chaoyue, a non-wholly owned subsidiary of the Company, entered into a joint venture agreement (the "**Agreement IV**") with 洛寧縣永豐現代農業投資開發有限公司 ("**Luoning Yongfeng**"), an independent third party at the time of the Agreement IV, pursuant to which Shaanxi Chaoyue and Luoning Yongfeng have agreed to establish 洛寧海越現代農業科技有限公司 ("**Luoning Haiyue**") with a registered capital of RMB40,000,000 and each of Shaanxi Chaoyue and Luoning Yongfeng has agreed to contribute to the registered capital of Luoning Haiyue at RMB28,000,000 and RMB12,000,000, respectively. Upon the completion of the capital contributions, Luoning Haiyue will be owned as to 70% and 30% by Shaanxi Chaoyue and Luoning Yongfeng respectively.

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 2019.

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.

Capital commitments

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

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Property, plant and equipment	**412,882**	310,496
Bearer plants	**42,543**	507
Capital contribution to an associate	**29,400**	29,400
	484,825	340,403

Pledge of assets

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

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Property, plant and equipment	**1,132,404**	1,070,017
Bearer plants	**465,566**	324,384
Right-of-use assets	**158,791**	–
Prepaid land lease payments	**–**	62,687
Pledged bank deposits	**135,281**	348,629
Inventories	**456,770**	284,618
Trade and other receivables	**3,909**	53,820
	2,352,721	2,144,155

Contingent liabilities

The Group has no material contingent liabilities as at 31 December 2019 (2018: Nil).

BUSINESS REVIEW

Juice concentrate and by-product processing

As the developed countries have stable demand on apple juice products and China and Europe, being the largest and second largest producing zones of apple juice concentrate, have provided relatively steady production volume, the supply and demand in the industry and so the market price have remained stable over the years. However, fruit trees in Northern China were threatened by a rare severe frost in 2018, supply of apples in China reduced significantly, which led to a shortage of raw material of juice ingredients and higher procurement price. Therefore, total production volume of apple juice concentrate in China in 2018 fell significantly from the previous years and resulted in a corresponding decrease in inventory of apple juice concentrate products as well in early 2019. Meanwhile, to minimise the impact of tariffs caused by the China-USA trade friction, most of the USA customers made early purchase of large number of fruit juice concentrate products from China in December 2018, leading to a significant decline in China's apple juice concentrate export volume in 2019. Owing to the factors above, export volume of China's apple juice concentrate in 2019 reached approximately 390,000 tons, representing a decrease of approximately 170,000 tons as compared with 2018.

During the reporting period, suffered from the above impacts, the Group's revenue from sales of apple juice concentrate products was reduced notably as compared with 2018. Given that the Group's exports to North America decreased, the Group has promptly formulated reasonable production and sales strategies with reference to the market conditions so as to explore other markets. In 2019, domestic orders increased by approximately 18% and orders from Japan increased by approximately 32% as compared with last year. In addition, the Group has actively adjusted its product structure and made much effort in promoting other juices. The sales volume of pear juice concentrate increased by 35% as compared with the previous year. The Group also boosted up the sales volumes of other non-mainstream fruit juice products such as apple syrup, hawthorn syrup and peach juice. As for end-user products, the Group continued to expand sales channels for the domestic market for "Eden View" high-end bottled fruit drink series, keep abreast of the trend and promoted the brand's positive image and value in multi-platforms.

Modernised agriculture

During the reporting period, the Group, as a national leading agricultural production enterprise, was active in implementing the State's policies such as agro-science and technology and agricultural poverty alleviation and monitored the market situation to make progress, striving to achieve good development in the modernised agriculture sector. Leveraging its extensive practical experience, the Group continued to improve its planting management and operating efficiency during the reporting period so as to increase the production volume of the fresh fruit products and the output of commodity fruits. The production volume and sales volume of fresh fruit products such as apples, kiwis, pears, cherries, citruses, carrots, blueberries, etc. have all increased significantly as compared with the previous year. Among them, production volume of apples increased by 236% as compared with the previous year and that of citruses increased by 324% from the previous year, and revenue from sales of fruit products increased by approximately 96% as compared with the previous year.

In 2019, in addition to maintaining highly efficient production in its existing planting bases, the Group adjusted its strategies for various high quality production areas reasonably and shifted to widely promote the production of star products including citruses, baby carrots and candy tomatoes. During the reporting period, the Group achieved promising development in its citrus business and its newly constructed modern and high-standard citrus planting areas covered more than 50,000 mu in total. It also further enhanced its planting technology and management standards of the planting bases. The Group's orah mandarin products were launched for the first time during the reporting period, the quality of which was highly recognised by the customers. The Group will put to the market ehime, tango and sweet lemon soon in future.

The Group made enormous development for its agriculture equipment in 2019. The intelligent glass greenhouse covering 200,000 square metres in Zhangye City built by the Group maintained good production and operation under the Global GAP standard. Besides, the Group constructed the new intelligent glass greenhouses in Jiangsu and Gansu Provinces covering 450,000 square metres for all season production of candy tomatoes, coloured peppers and muskmelons throughout the year.

At the same time, the Group has continued to enhance its post-harvest processing chain of fruits. Sorting and packaging lines and cold storage facilities were set up in Henan, Gansu and Guizhou Provinces in 2019. At present, the daily fruit sorting capability reached 320 tons and the storage capacity reached 60,000 tons. The improved post-harvest processing chain has not only maintained a secured condition for storage and preservation of fruits, but also enabled selection of the most suitable products for each source of production for better prices.

Furthermore, the Group has actively expanded its sales channels and aroused consumers' awareness and recognition of the "Pure Twig" and "Eden View" brands through brand marketing, trade exhibitions, on-line marketing and media advertising, so as to lay a strong foundation for product sales in 2019 and the future.

PROSPECT

Looking forward, the Group will continue to expand its agricultural plantation sector, optimise the resource allocation strategy, enhance the planting technology, strengthen its operating management and rapidly improve both the production quantity and quality of its fruit products, so as to provide the domestic consumers with healthy and tasty fruits and vegetables. As for the juice concentrate and by-product processing sector, the Group will keep on developing new products that meet the market demand, enhance its production management and cost control to actively respond to future challenges.

ANNUAL GENERAL MEETING

As of the date of this announcement, the Company has not fixed a date for its annual general meeting ("**Annual General Meeting**"). When a date is selected, the notice of the Annual General Meeting, which constitutes part of a circular to shareholders, and proxy form, together with the annual report, will be despatched to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The Company will make appropriate announcements at a subsequent date and time to be confirmed.

DIVIDENDS

The Board does not recommend any payment of final dividend for the year ended 31 December 2019.

PREPARATION OF UNAUDITED ANNUAL RESULTS

The Board wishes to emphasize that the unaudited consolidated results of the Group for the year ended 31 December 2019 set out herein are extracted directly from the latest unaudited management accounts of the Group for the year ended 31 December 2019 and are subject to changes resulting from, among other things, (i) further review by the Company and relevant professional parties; (ii) the receipt of banking confirmations and other audit confirmations required to complete the audit procedures by the Company's auditor under the relevant auditing standards; and (iii) any potential adjustments that might be necessary according to the work results of the Company's auditor.

The unaudited consolidated results of the Group for the year ended 31 December 2019 are subject to change and have not been agreed by the auditor of the Company as required under Rule 13.49(2) of the Listing Rules.

The auditing process for the annual results for the year ended 31 December 2019 has not been completed due to the outbreak of coronavirus disease ("**COVID-19**"). Set out below the major difficulties faced during the auditing process as per communication between management and the auditor of the Company:

1) Depending on the location of the subsidiaries of the Company, the time of resuming business in the PRC has been delayed for at least 20 to 30 days and most of the working units adopt "home office" approach to work from office. Visitors are generally required to be isolated for 14 days and restricted from work, which severely delays audit field work;

2) Working from office affects the efficiency of audit work, which requires cooperation from multiple business units. With the large number of subsidiaries of the Company operating in the PRC, communication between subsidiaries and the Company's auditor is less effective than usual;

3) Auditing from a distance affects the results of audit work due to insufficient business data. Not all audit work may be performed from a distance and field work, including examining original documents and assets, is required before the publication of auditor's report; and

4) The sending and receipt of audit confirmations suffer long delay due to restriction of mail services in the PRC. The time required for audit confirmations to reach the Group's counterparties in the PRC (including banks, debtors, creditors, etc.) took much longer time than usual. Meanwhile there exist additional uncertainties for the counterparties in the PRC to handle and provide responses to the auditor's confirmation request. As of the date of this results announcement, the Company's auditor is unable to collect a sufficient amount of audit confirmations.

In order to keep the shareholders of the Company and potential investors of the Company informed of the Group's business operation and financial position, the Board has set forth in this announcement the unaudited consolidated results of the Group for the year ended 31 December 2019 as extracted from the latest unaudited management accounts of the Group for the year ended 31 December 2019. The Directors confirmed that the unaudited consolidated results of the Group for the year ended 31 December 2019 were prepared on the same basis as used in the audited consolidated financial statements of the Group for the year ended 31 December 2018 except for the application of new and amendments to IFRSs set out in note 3 to this announcement. The Board cannot guarantee that the unaudited consolidated results of the Group for the year ended 31 December 2019 truly reflects the financial performance and position of the Group and such information might be misleading if any potential adjustments have not been taken into account. Based on the current situation and the latest discussion with the Company's auditor, the Company expects that an announcement relating to the audited annual results of the Group for the year ended 31 December 2019 will be made before the end of April 2020, although this may be subject to further developments of the COVID-19 outbreak in Asia.

EVENTS AFTER THE REPORTING PERIOD

(a) On 16 January 2020, Shaanxi Chaoyue, a non-wholly owned subsidiary of the Company, entered into a joint venture agreement (the "**Agreement V**") with 古浪縣扶貧產業開發有限公司 ("**Gulang Poverty Alleviation**"), an independent third party at the time of the Agreement V, pursuant to which Shaanxi Chaoyue and Gulang Poverty Alleviation have agreed to establish a company in the PRC (the "**JV Company I**") with a registered capital of RMB40,000,000 and each of Shaanxi Chaoyue and Gulang Poverty Alleviation has agreed to contribute to the registered capital of the JV Company I at RMB32,000,000 and RMB8,000,000, respectively. Upon the completion of the capital contributions, the JV Company I will be owned as to 80% and 20% by Shaanxi Chaoyue and Gulang Poverty Alleviation respectively.

(b) On 17 March 2020, Shaanxi Chaoyue, a non-wholly owned subsidiary of the Company, entered into a joint venture agreement (the "**Agreement VI**") with 寧縣聚農蘋果產業資金專業合作社 ("**Ningxian Junong**"), 寧縣金農農業扶貧開發有限公司 ("**Ningxian Jinnong**") and 寧縣果業局 ("**Fruit Industry Bureau**"), save for Ningxian Junong is a substantial shareholder of an indirect non-wholly owned subsidiary of the Company, Ningxian Jinnong and Fruit Industry Bureau were independent third parties at the time of the Agreement VI, pursuant to which Shaanxi Chaoyue, Ningxian Junong, Ningxian Jinnong and Fruit Industry Bureau have agreed to establish a company in the PRC (the "**JV Company II**") with a registered capital of RMB50,000,000 and each of Shaanxi Chaoyue, Ningxian Junong, Ningxian Jinnong and Fruit Industry Bureau has agreed to contribute to the registered capital of the JV Company II at RMB39,000,000, RMB2,000,000, RMB3,000,000 and RMB6,000,000, respectively. Upon the completion of the capital contributions, the JV Company II will be owned as to 78%, 4%, 6% and 12% by Shaanxi Chaoyue, Ningxian Junong, Ningxian Jinnong and Fruit Industry Bureau respectively.

(c) After the COVID-19 outbreak in early 2020, a series of precautionary and control measures has been and continued to be implemented across the globe. The Group is paying close attention to the development of, and the effect to business and economic activities caused by, the COVID-19 outbreak and evaluating its impact on the financial position, cash flows and operating results of the Group. Given the uncertainties brought by the COVID-19 outbreak, it is not practicable to provide a reasonable estimate of its financial effect on the Group's financial position, cash flows and operating results at the date of approval of this results announcement.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2019, 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), Mr. Chang Xiaobo (chairman of audit committee) (resigned on 3 December 2019), were absent from both the last annual general meeting and the extraordinary general meeting of the Company held on 28 May 2019 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 2019, the Group had 3,199 employees (2018: 3,456 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.

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 2019.

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 Ms. Huang Liqiong (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 unaudited final results for the year ended 31 December 2019.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2019.

PUBLICATION OF UNAUDITED ANNUAL RESULTS ANNOUNCEMENT, FURTHER ANNOUNCEMENT OF AUDITED FINAL RESULTS AND ANNUAL REPORT

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.

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited annual results for the year ended 31 December 2019 as agreed by the Company's auditor and the material differences (if any) as compared with the unaudited annual results contained herein; and (ii) the proposed date of the forthcoming annual general meeting of the Company and the closure of register of members to determine the entitlement of shareholders of the Company to attend and vote at the meeting. In addition, the Company will issue further announcement as and when necessary if there are other material developments in the completing of the auditing process.

An annual report for the year ended 31 December 2019 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.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditor. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Xi'an, the People's Republic of China, 31 March 2020

As at the date of this announcement, the executive directors are Mr. Gao Liang, Mr. Wang Yasen, Mr. Wang Junqing and Mr. Wang Linsong; the independent non-executive directors are Mr. Zhao Boxiang, Mr. Liu Zhongli and Ms. Huang Liqiong.