烟台北方安德利果汁股份有限公司

Yantai North Andre Juice Co., Ltd.

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 02218)

Interim **Report**

For the six months ended 30 June 2015

烟台北方安德利果汁股份有限公司
Yantai North Andre Juice Co., Ltd.*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock code: 02218)

INTERIM RESULTS (UNAUDITED)

The Board of Directors (the "Board") of Yantai North Andre Juice Co., Ltd.* (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2015, with the comparatives of the corresponding period in 2014, as follows:

Consolidated Balance Sheet-unaudited
At 30 June 2015
(Expressed in Renminbi Yuan)

	Note	**30 June 2015**	31 December 2014
ASSETS			
Current assets			
Cash at bank and on hand	V.1	**508,689,289**	191,534,476
Bills receivable	V.2	**1,680,000**	290,000
Accounts receivable	V.3	**154,526,681**	145,680,730
Prepayments	V.4	**5,356,668**	8,981,451
Other receivables	V.5	**1,672,534**	1,938,070
Inventories	V.6	**566,397,070**	781,344,637
Available-for-sale financial assets	V.7	**41,000,000**	10,000,000
Other current assets	V.8	**47,400,736**	60,263,754
Total current assets		**1,326,722,978**	1,200,033,118
Non-current assets			
Long-term equity investments	V.9	**55,744,186**	53,762,081
Fixed assets	V.10	**775,187,304**	794,464,571
Construction in progress	V.11	**49,511**	15,311
Intangible assets	V.12	**99,273,058**	100,700,677
Goodwill	V.13	**8,653,575**	8,653,575
Total non-current assets		**938,907,634**	957,596,215
Total assets		**2,265,630,612**	2,157,629,333

The notes on pages 14 to 82 form part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in Note V.20.

* *For identification purpose only*

	Note	**30 June 2015**	31 December 2014
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term loans	V.16	**611,653,120**	473,237,000
Accounts payable	V.17	**27,125,160**	66,563,565
Advances from customers		**5,579,690**	2,748,318
Employee benefits payable	V.18	**13,351,170**	16,365,153
Taxes payable	V.19	**21,533,112**	15,184,010
Interest payable		**4,110,296**	3,371,233
Dividends payable	V.20	**19,050,000**	–
Other payables	V.21	**34,998,997**	39,820,248
Total current liabilities		**737,401,545**	617,289,527
Non-current liabilities			
Long-term payables		**710,970**	692,453
Total non-current liabilities		**710,970**	692,453
Total liabilities		**738,112,515**	617,981,980
Shareholders' equity			
Share capital	V.22	**381,000,000**	392,600,000
Capital reserve	V.23	**75,100,275**	94,622,523
Surplus reserve	V.24	**104,236,707**	104,236,707
Retained earnings	V.25	**967,181,115**	948,188,123
Total shareholders' equity		**1,527,518,097**	1,539,647,353
Total liabilities and shareholders' equity		**2,265,630,612**	2,157,629,333

These financial statements were approved by the Board of Directors of the Company on 26 August 2015.

Legal Representative: Wang An   Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei   (Company stamp)

The notes on pages 14 to 82 form part of these financial statements.

Balance Sheet-unaudited

At 30 June 2015

(Expressed in Renminbi Yuan)

	Note	**30 June 2015**	31 December 2014
ASSETS			
Current assets			
Cash at bank and on hand		**493,995,881**	180,498,375
Bills receivable		**1,680,000**	290,000
Accounts receivable	XV.1	**124,160,704**	115,540,380
Prepayments		**1,073,110**	6,244,882
Dividends receivable		**55,174,540**	57,674,279
Other receivables	XV.2	**324,615,218**	394,032,828
Inventories		**22,763,105**	74,558,681
Available-for-sale financial assets		**41,000,000**	10,000,000
Other current assets		**38,417,635**	42,902,832
Total current assets		**1,102,880,193**	881,742,257
Non-current assets			
Long-term equity investments	XV.3	**593,822,806**	592,831,754
Fixed assets		**128,385,191**	131,786,270
Intangible assets		**28,331,244**	28,871,696
Total non-current assets		**750,539,241**	753,489,720
Total assets		**1,853,419,434**	1,635,231,977

The notes on pages 14 to 82 form part of these financial statements.

	30 June 2015	31 December 2014
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term loans	**565,801,120**	423,237,000
Accounts payable	**121,166,268**	100,028,822
Advances from customers	**5,089,309**	1,471,406
Dividends payable	**19,050,000**	–
Employee benefits payable	**855,590**	2,463,514
Taxes payable	**193,838**	956,756
Interest payable	**3,572,841**	3,371,233
Other payables	**199,674,924**	114,029,748
Total current liabilities	**915,403,890**	645,558,479
Total liabilities	**915,403,890**	645,558,479
Shareholders' Equity		
Share capital	**381,000,000**	392,600,000
Capital reserve	**101,342,973**	120,865,221
Surplus reserve	**104,236,707**	104,236,707
Retained earnings	**351,435,864**	371,971,570
Total shareholders' equity	**938,015,544**	989,673,498
Total liabilities and shareholders' equity	**1,853,419,434**	1,635,231,977

These financial statements were approved by the Board of Directors of the Company on 26 August 2015.

Legal Representative: Wang An

Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei

(Company stamp)

The notes on pages 14 to 82 form part of these financial statements.

Consolidated Income Statement-unaudited
For the six months ended 30 June 2015
(Expressed in Renminbi Yuan)

		Note	For the six months ended 30 June **2015**	2014
I	Operating income	V.26	**401,512,004**	433,913,798
II	Less: Operating costs	V.26	**311,077,792**	337,005,748
	Business taxes and surcharges	V.27	**3,009,705**	1,810,536
	Selling and distribution expenses		**21,367,372**	24,507,237
	General and administrative expenses		**18,332,862**	16,839,108
	Financial expenses	V.28	**11,956,161**	21,340,359
	Impairment losses	V.29	**502,717**	3,727,324
	Add: Investment income	V.30	**2,669,211**	3,562,452
	Including: Income from investment in a joint venture		**1,982,105**	3,266,937
III	Operating profit		**37,934,606**	32,245,938
	Add: Non-operating income	V.31	**188,170**	1,750,466
	Including: Gains from disposal of non-current assets		**29,342**	7,284
	Less: Non-operating expenses	V.32	**17,602**	126,324
	Including: Losses from disposal of non-current assets		**17,602**	–
IV	Profit before income tax		**38,105,174**	33,870,080
	Less: Income tax expenses	V.33	**62,182**	(880,142)
V	Net profit for the period and net profit attributable to shareholders of the Company		**38,042,992**	34,750,222

The notes on pages 14 to 82 form part of these financial statements.

	Note	For the six months ended 30 June **2015**	2014
VI Other comprehensive income for the period		**–**	–
VII Total comprehensive income for the period and total comprehensive income attributable to shareholders of the Company		**38,042,992**	34,750,222
VIII Earnings per share:			
Basic earnings per share	V.34	**0.097**	0.085
Diluted earnings per share	V.34	**0.097**	0.085

These financial statements were approved by the Board of Directors of the Company on 26 August 2015.

Legal Representative: Wang An

Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei

(Company stamp)

The notes on pages 14 to 82 form part of these financial statements.

Income Statement-unaudited
For the six months ended 30 June 2015
(Expressed in Renminbi Yuan)

		Note	For the six months ended 30 June 2015	2014
I	Operating income	XV.4	**277,297,288**	312,875,223
II	Less: Operating costs	XV.4	**248,056,751**	264,355,704
	Business taxes and surcharges		**1,807**	520,668
	Selling and distribution expenses		**15,457,216**	17,028,051
	General and administrative expenses		**5,512,015**	5,744,866
	Financial expenses		**11,022,301**	19,166,562
	Impairment losses		**502,717**	–
	Add: Investment income	XV.5	**1,678,158**	1,928,983
	Including: Income from investments in a joint venture		**991,052**	1,633,468
III	Operating (loss)/profit		**(1,577,361)**	7,988,355
	Add: Non-operating income		**104,609**	1,699,000
	Less: Non-operating expenses		**12,954**	100,000
	Including: Losses from disposal of non-current assets		**12,954**	–
IV	(Loss)/Profit before income tax		**(1,485,706)**	9,587,355
	Less: Income tax expenses		**–**	(1,097,308)
V	Net (loss)/profit for the period		**(1,485,706)**	10,684,663
VI	Other comprehensive income for the period		**–**	–
VII	Total comprehensive income for the period		**(1,485,706)**	10,684,663

These financial statements were approved by the Board of Directors of the Company on 26 August 2015.

Legal Representative: Wang An　　　Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei　　　(Company stamp)

The notes on pages 14 to 82 form part of these financial statements.

Consolidated Cash Flow Statement-unaudited
For the six months ended 30 June 2015
(Expressed in Renminbi Yuan)

		Note	For the six months ended 30 June **2015**	2014
I	Cash flows from operating activities:			
	Proceeds from sale of goods and rendering of services		**474,376,118**	520,033,278
	Refund of taxes		**28,298,555**	45,000,873
	Proceeds from other operating activities		**4,221,773**	1,353,576
	Sub-total of cash inflows		**506,896,446**	566,387,727
	Payment for goods and services		**(154,352,917)**	(137,673,117)
	Payment to and for employees		**(18,607,075)**	(15,838,835)
	Payment of various taxes		**(35,769,314)**	(43,570,499)
	Payment for other operating activities		**(26,195,954)**	(24,908,301)
	Sub-total of cash outflows		**(234,925,260)**	(221,990,752)
	Net cash inflow from operating activities	V.36(1)	**271,971,186**	344,396,975
II	Cash flows from investing activities:			
	Proceeds from disposal of financial assets		**1,214,300,000**	1,727,495,515
	Net proceeds from disposal of fixed assets		**942,738**	7,654
	Investment returns received		**687,106**	5,450,000
	Proceeds from other investing activities		**148,677**	374,909
	Sub-total of cash inflows		**1,216,078,521**	1,733,328,078
	Payment for acquisition of financial assets		**(1,245,300,000)**	(1,738,200,000)
	Payment for acquisition of fixed assets		**(7,298,832)**	(4,313,283)
	Net payment for acquisition of subsidiaries		**–**	(50,872,124)
	Sub-total of cash outflows		**(1,252,598,832)**	(1,793,385,407)
	Net cash outflow from investing activities		**(36,520,311)**	(60,057,329)

The notes on pages14 to 82 form part of these financial statements.

	Note	For the six months ended 30 June **2015**	2014
III Cash flows from financing activities:			
Proceeds from borrowings		**768,905,797**	389,601,000
Sub-total of cash inflows		**768,905,797**	389,601,000
Repayments of borrowings		**(630,489,677)**	(331,935,167)
Repayment of borrowings from related parties		**(7,770,201)**	(93,088,008)
Payment for interest		**(17,791,936)**	(23,011,467)
Payment for purchasing of own shares		**(31,122,248)**	(7,395,671)
Sub-total of cash outflows		**(687,174,062)**	(455,430,313)
Net cash inflow/(outflow) from financing activities		**81,731,735**	(65,829,313)
IV Effect of currency exchange rate changes on cash and cash equivalents		**(27,797)**	297,084
V Net increase in cash and cash equivalents	V.36(1)	**317,154,813**	218,807,417
Add: Cash and cash equivalents at the beginning of the period		**191,534,476**	427,710,459
VI Cash and cash equivalents at the end of the period	V.36(2)	**508,689,289**	646,517,876

These financial statements were approved by the Board of Directors of the Company on 26 August 2015.

Legal Representative: Wang An

Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei

(Company stamp)

The notes on pages 14 to 82 form part of these financial statements.

Cash Flow Statement-unaudited
For the six months ended 30 June 2015
(Expressed in Renminbi Yuan)

		For the six months ended 30 June 2015	2014
I	Cash flows from operating activities:		
	Proceeds from sale of goods and rendering of services	**397,003,671**	259,885,696
	Refund of taxes	**27,246,418**	36,938,854
	Proceeds from other operating activities	**4,101,492**	3,448,329
	Sub-total of cash inflows	**428,351,581**	300,272,879
	Payment for goods and services	**(121,859,816)**	(61,623,731)
	Payment to and for employees	**(5,352,262)**	(5,407,330)
	Payment of various taxes	**(32,379,323)**	(6,678,676)
	Payment for other operating activities	**(17,325,560)**	(17,976,946)
	Sub-total of cash outflows	**(176,916,961)**	(91,686,683)
	Net cash inflow from operating activities	**251,434,620**	208,586,196
II	Cash flows from investing activities:		
	Proceeds from disposal of financial assets	**1,214,300,000**	1,727,495,515
	Net proceeds from disposal of fixed assets	**219,712**	–
	Investment returns received	**687,106**	4,905,000
	Proceeds from other investing activities	**139,664**	358,904
	Sub-total of cash inflows	**1,215,346,482**	1,732,759,419
	Payments for acquisition of financial assets	**(1,245,300,000)**	(1,738,200,000)
	Payment for acquisition of fixed assets	**(3,069,177)**	(1,359,804)
	Net payment for acquisition of subsidiaries	**–**	(52,120,000)
	Sub-total of cash outflows	**(1,248,369,177)**	(1,791,679,804)
	Net cash outflow from investing activities	**(33,022,695)**	(58,920,385)

The notes on pages 14 to 82 form part of these financial statements.

	For the six months ended 30 June 2015	2014
III Cash flows from financing activities:		
Proceeds from borrowings	**562,742,404**	369,601,000
Sub-total of cash inflows	**562,742,404**	369,601,000
Repayments of borrowings	**(420,178,284)**	(281,935,167)
Payment for interest	**(16,337,189)**	(20,640,463)
Payment for purchasing of own shares	**(31,122,248)**	(7,395,671)
Sub-total of cash outflows	**(467,637,721)**	(309,971,301)
Net cash inflow from financing activities	**95,104,683**	59,629,699
IV Effect of currency exchange rate changes on cash and cash equivalents	**(19,102)**	43,313
V Net increase in cash and cash equivalents	**313,497,506**	209,338,823
Add: Cash and cash equivalents at the beginning of the period	**180,498,375**	423,377,863
VI Cash and cash equivalents at the end of the period	**493,995,881**	632,716,686

These financial statements were approved by the Board of Directors of the Company on 26 August 2015.

Legal Representative: Wang An Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei (Company stamp)

The notes on pages 14 to 82 form part of these financial statements.

Consolidated Statement of Changes in Shareholders' Equity-unaudited
For the six months ended 30 June 2015
(Expressed in Renminbi Yuan)

		For the six months ended 30 June 2014					
	Notes	Share capital	Capital reserve	Treasury shares	Surplus reserve	Retained profit	Total
Balance at 1 January 2014		408,988,000	112,395,766	–	103,144,993	911,107,036	1,535,635,795
Changes in equity for the period							
1. Total comprehensive income		–	–	–	–	34,750,222	34,750,222
2. Appropriation of profits	V.25						
– Distributions to shareholders		–	–	–	–	(20,449,400)	(20,449,400)
3. Purchase of own shares		–	–	(7,395,671)	–	–	(7,395,671)
Balance at 30 June 2014		408,988,000	112,395,766	(7,395,671)	103,144,993	925,407,858	1,542,540,946

		For the six months ended 30 June 2015					
	Notes	**Share capital**	**Capital reserve**	**Treasury shares**	**Surplus reserve**	**Retained profit**	**Total**
Balance at 1 January 2015		**392,600,000**	**94,622,523**	**–**	**104,236,707**	**948,188,123**	**1,539,647,353**
Changes in equity for the period							
1. Total comprehensive income		**–**	**–**	**–**	**–**	**38,042,992**	**38,042,992**
2. Appropriation of profits	V.25						
– Distributions to shareholders		**–**	**–**	**–**	**–**	**(19,050,000)**	**(19,050,000)**
3. Purchase of own shares	V.22	**(11,600,000)**	**(19,522,248)**	**–**	**–**	**–**	**(31,122,248)**
Balance at 30 June 2015		**381,000,000**	**75,100,275**	**–**	**104,236,707**	**967,181,115**	**1,527,518,097**

These financial statements were approved by the Board of Directors of the Company on 26 August 2015.

Legal Representative: Wang An　　Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei　　(Company stamp)

The notes on pages 14 to 82 form part of these financial statements.

Statement of Changes in Shareholders' Equity-unaudited
For the six months ended 30 June 2015
(Expressed in Renminbi Yuan)

		For the six months ended 30 June 2014					
	Notes	Share capital	Capital reserve	Treasury shares	Surplus reserve	Retained earnings	Total
Balance at 1 January 2014		408,988,000	138,638,464	–	103,144,993	382,372,244	1,033,143,701
Changes in equity for the period							
1. Total comprehensive income		–	–	–	–	10,684,663	10,684,663
2. Appropriation of profits	V.25						
– Distributions to shareholders		–	–	–	–	(20,449,400)	(20,449,400)
3. Purchase of own shares		–	–	(7,395,671)	–	–	(7,395,671)
Balance at 30 June 2014		408,988,000	138,638,464	(7,395,671)	103,144,993	372,607,507	1,015,983,293

		For the six months ended 30 June 2015					
	Notes	**Share capital**	**Capital reserve**	**Treasury shares**	**Surplus reserve**	**Retained earnings**	**Total**
Balance at 1 January 2015		**392,600,000**	**120,865,221**	**–**	**104,236,707**	**371,971,570**	**989,673,498**
Changes in equity for the period							
1. Total comprehensive income		**–**	**–**	**–**	**–**	**(1,485,706)**	**(1,485,706)**
2. Appropriation of profits	V.25						
– Distributions to shareholders		**–**	**–**	**–**	**–**	**(19,050,000)**	**(19,050,000)**
3. Purchase of own shares	V.22	**(11,600,000)**	**(19,522,248)**	**–**	**–**	**–**	**(31,122,248)**
Balance at 30 June 2015		**381,000,000**	**101,342,973**	**–**	**104,236,707**	**351,435,864**	**938,015,544**

These financial statements were approved by the Board of Directors of the Company on 26 August 2015.

Legal Representative: Wang An　　Chief Financial Officer: Wang Yan Hui

Chief Accountant: Li Lei　　(Company stamp)

The notes on pages 14 to 82 form part of these financial statements.

Notes to the financial statements

(Expressed in Renminbi Yuan unless otherwise indicated)

I. Company status

Yantai North Andre Juice Company Limited (referred to as the "Company"), was named Yantai North Andre Juice Company Limited which was established at Yantai on 30 March 1996. Headquarter of the Company is located in Yantai, Shandong Province.

The Company and its subsidiaries (referred to as the "Group") are principally engaged in the manufacture and sale of condensed juice, pulp, apple essence, pomace and related products. For information about the subsidiaries of the Company, refer to Note VII.

During the reporting period, the information about increases/decreases in the Group's subsidiaries is disclosed in Note VI.

II. Basis of preparation

The financial statements have been prepared on the going concern basis.

III. Significant accounting policies and accounting estimates

1 Statement of compliance

The financial statements comply with the requirements of Accounting Standards for Business Enterprises issued by the Ministry of Finance (MOF) of the People's Republic of China (PRC) and present truly and completely the consolidated financial position and financial position of the Company as at 30 June 2015, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the six months ended 30 June 2015.

2 Accounting period

The accounting year of the Group is from 1 January to 31 December.

3 Functional currency

The Company's functional currency is Renminbi and these financial statements are presented in Renminbi. The Company translates the financial statements of subsidiaries from their respective functional currencies into the Company's functional currency (see Note III.8) if the subsidiaries' functional currencies are not the same as that of the Company.

III. Significant accounting policies and accounting estimates (continued)

4 Accounting treatments for a business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings. Any costs directly attributable to the combination are recognised in profit or loss when incurred. The combination date is the date on which one combining enterprise obtains control of other combining enterprises.

5 Accounting treatments for a business combinations involving enterprises not under common control

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill (see Note III.17). If (1) is less than (2), the difference is recognised in profit or loss for the current period. The costs of issuing equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. Other acquisition-related costs are expensed when incurred. Any difference between the fair value and the carrying amount of the assets transferred as consideration is recognised in profit or loss. The acquiree's identifiable assets, liabilities and contingent liabilities, if the recognition criteria are met, are recognised by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

For a business combination involving enterprises not under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its acquisition-date fair value and recognizes any resulting difference between the fair value and the carrying amount as investment income for the current period. In addition, any amount recognised in other comprehensive income that may be reclassified to profit or loss, in prior reporting periods relating to the previously-held equity interest, and any other changes in the owner's equity under equity accounting, are transferred to investment income in the period in which the acquisition occurs.

III. Significant accounting policies and accounting estimates (continued)

6 Consolidated financial statements

(1) General principles

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interests are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item.

When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in the financial statements.

(2) Subsidiaries acquired through a business combination

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated. In the preparation of the consolidated financial statements, the subsidiary's assets and liabilities based on their carrying amounts in the financial statements of the ultimate controlling party are included in the consolidated balance sheet, and financial performance is included in the consolidated income statement, respectively, from the date that the ultimate parent company of the Company obtains the control of the subsidiary to be consolidated.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

III. Significant accounting policies and accounting estimates (continued)

6 Consolidated financial statements (continued)

(3) Disposal of subsidiaries

When the Group loses control of a subsidiary, the Group derecognises assets, liabilities, non-controlling interests and other related items in shareholders' equity in relation to that subsidiary. The remaining equity investment is remeasured at its fair value at the date when control is lost. Any resulting gains or losses are recognised as investment income of the current period.

When the Group loses control of a subsidiary in multiple transactions in which it disposes of its long-term equity investment in the subsidiary in stages, the following are considered to determine whether the Group should account for the multiple transactions as a bundled transaction:

– arrangements are entered into at the same time or in contemplation of each other;

– arranges work together to achieve an overall commercial effect;

– the occurrence of one arrangement is dependent on the occurrence of at least one other arrangement;

– one arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.

If each of the multiple transactions does not form part of a bundled transaction, the transactions conducted before the loss of control of the subsidiary are accounted for in accordance with the accounting policies for partial disposal of equity investment in subsidiaries where control is retained (see Note III.6(4)).

If each of the multiple transactions forms part of a bundled transaction which eventually results in the loss of control in the subsidiary, these multiple transactions are accounted for as a single transaction. In the consolidated financial statements, the difference between the consideration received and the corresponding proportion of the subsidiary's net assets (calculated continuously from the acquisition date) in each transaction prior to the loss of control shall be recognised in other comprehensive income and transferred to profit or loss when the parent eventually loses control of the subsidiary.

(4) Changes in non-controlling interests

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the amount by which the non-controlling interests are adjusted and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdraw on demand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

III. Significant accounting policies and accounting estimates (continued)

8 Foreign currency transactions and translation of financial statements denominated in foreign currencies

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition, construction of qualifying assets (see Note III.15). Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined; the resulting exchange differences are recognised in profit or loss, except for the differences arising from the re-translation of available-for-sale financial assets, which are recognised in other comprehensive income.

Assets and liabilities of foreign operation are translated to Renminbi at the spot exchange rate at the balance sheet date. Equity items, excluding "Retained earnings", are translated to Renminbi at the spot exchange rates at the transaction dates. Income and expenses of foreign operation are translated to Renminbi at the spot exchange rates at the transaction dates. The resulting translation differences are recognised in other comprehensive income. The translation differences accumulated in shareholders' equity with respect to a foreign operation is transferred to profit or loss in the period when the foreign operation is disposed.

9 Financial instruments

Financial instruments include cash at bank and on hand, investments in debt and equity securities other than those classified as long-term equity investments (see Note III.12), receivables, payables, loans and borrowings, debentures payable and share capital.

(1) Recognition and measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

The Group classifies financial assets and liabilities into different categories at initial recognition based on the purpose of acquiring assets or assuming liabilities: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

III. Significant accounting policies and accounting estimates (continued)

9 Financial instruments (continued)

(1) Recognition and measurement of financial assets and financial liabilities (continued)

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. Subsequent to initial recognition, financial assets and liabilities are measured as follows:

– Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method.

– Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available for sale and other financial assets which do not fall into any of the above categories.

Available-for-sale investments in equity instruments whose fair value cannot be measured reliably are measured at cost subsequent to initial recognition. Other available-for-sale financial assets are measured at fair value subsequent to initial recognition and changes therein are generally recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses from monetary financial assets which are recognised directly in profit or loss. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss. Dividend income is recognised in profit or loss when the investee approves the dividends. Interest is recognised in profit or loss using the effective interest method (see Note III.21(2)).

– Other financial liabilities

Financial liabilities other than the financial liabilities at fair value through profit or loss are classified as other financial liabilities.

III. Significant accounting policies and accounting estimates (continued)

9 Financial instruments (continued)

(1) Recognition and measurement of financial assets and financial liabilities (continued)

– Other financial liabilities (continued)

Other financial liabilities include the liabilities arising from financial guarantee contracts. Financial guarantees are contracts that require the Group (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the holder) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Where the Group issues a financial guarantee, subsequent to initial recognition, the guarantee is measured at the higher of the amount initially recognised less accumulated amortisation and the amount of a provision determined in accordance with the principles of contingencies (see Note III.20).

Liabilities other than those arising from financial guarantee contracts are measured at amortised cost using the effective interest method.

(2) Presentation of financial assets and financial liabilities

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

– the Group currently has a legally enforceable right to set off the recognised amounts;

– the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(3) Derecognition of financial assets and financial liabilities

A financial asset is derecognised if the Group's contractual rights to the cash flows from the financial asset expire or if the Group transfers substantially all the risks and rewards of ownership of the financial asset to another party.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

– the carrying amount of the financial asset transferred;

– the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in shareholders' equity.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is discharged or cancelled or expires.

III. Significant accounting policies and accounting estimates (continued)

9 Financial instruments (continued)

(4) Impairment of financial assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised.

Objective evidence that a financial asset is impaired includes but is not limited to:

(a) significant financial difficulty of the issuer or obligor;

(b) a breach of contract by the borrower, such as a default or delinquency in interest or principal payments;

(c) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(d) the disappearance of an active market for that financial asset because of financial difficulties faced by the issuer;

(e) significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of an investment in an equity instrument may not be recovered by the investor;

(f) a significant or a prolonged decline in the fair value of an investment in an equity instrument below its cost.

For the calculation method of impairment of receivables, refer to Note III.10. The impairment of other financial assets is measured as follows:

– Available-for-sale financial assets

Available-for-sale financial assets are assessed for impairment on an individual basis and/or on a collective group basis. When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value that has been recognised directly in shareholders' equity is reclassified to profit or loss even though the financial asset has not been derecognised.

If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. An impairment loss recognised for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss. The impairment loss on an investment in unquoted equity instrument whose fair value cannot be reliably measured is not reversed.

III. Significant accounting policies and accounting estimates (continued)

9 Financial instruments (continued)

(5) Equity instrument

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

When the Company repurchases its own shares, those shares are treated as treasury shares. All expenditures relating to the repurchase are recorded in the cost of the treasury shares, with the transaction entering into the share register. Treasury shares are excluded from profit distributions and are stated as a deduction under shareholders' equity in the balance sheet.

When treasury shares are cancelled, the share capital should be reduced to the extent of the total par value of the treasury shares cancelled. Where the cost of the treasury shares cancelled exceeds the total par value, the excess is sequentially deducted from capital reserve (share premium), surplus reserve and retained earnings. If the cost of treasury shares cancelled is less than the total par value, the difference is recorded in the capital reserve (share premium).

When treasury shares are disposed of, if the proceeds exceed the cost of the treasury shares, the excess is recorded in the capital reserve (share premium); if the proceeds are less than the cost of the treasury shares, the difference is sequentially reserve and retained profit.

10 Impairment of receivables

Receivables are assessed for impairment on an individual basis and/or on a collective group basis as follows.

Where impairment is assessed on an individual basis, an impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate. Impairment losses are recognised in profit or loss.

The assessment is made collectively where receivables share similar credit risk characteristics (including those having not been individually assessed as impaired), based on their historical loss experiences, and adjusted by the observable factors reflecting current economic conditions.

If, after an impairment loss has been recognised on receivables, there is a recovery in the value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding what the amortised cost would have been had no impairment loss been recognised in prior years.

III. Significant accounting policies and accounting estimates (continued)

11 Inventories

(1) Classification and cost

Inventories include raw materials, work in progress, semi-finished goods and finished goods.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition. In addition to the purchasing cost of raw materials, work in progress and finished goods include direct labor costs and an appropriate allocation of production overheads.

(2) Cost of inventories transferred out

Cost of inventories transferred out is calculated using the weighted average method.

Consumables including low-value consumables and packaging materials are amortised in full when received for use. The amortisations are included in the cost of the related assets or recognised in profit or loss for the current period.

(3) Basis for determining the net realisable value and provisioning methods for impairment losses of inventories

At the balance sheet date, inventories are carried at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realisable value of materials held for use in the production is measured based on the net realisable value of the finished goods in which they will be incorporated. The net realisable value of the inventory held to satisfy sales or service contracts is measured based on the contract price, to the extent of the quantities specified in sales contracts, and the excess portion of inventories is measured based on general selling prices.

Any excess of the cost over the net realisable value of each item of inventories is recognised as a provision for the impairment, and is recognised in profit or loss.

(4) Inventory system

The Group maintains a perpetual inventory system.

III. Significant accounting policies and accounting estimates (continued)

12 Long-term equity investments

(1) Investment cost of long-term equity investments

(a) Long-term equity investments acquired through a business combination

– The initial cost of a long-term equity investment acquired through a business combination involving enterprises under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the share premium in the capital reserve, with any excess adjusted to retained earnings.

– For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree. For a long-term equity investment obtained through a business combination not involving enterprises under common control and achieved through multiple transactions in stages which do not form a bundled transaction, the initial cost comprises the carrying amount of the previously-held equity investment in the acquiree immediately before the acquisition date, and the additional investment cost at the acquisition date.

(b) Long-term equity investments acquired other than through a business combination

– A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

(2) Subsequent measurement of long-term equity investment

(a) Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method for subsequent measurement. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income in the current period.

The investments in subsidiaries are stated in the balance sheet at cost less accumulated impairment losses.

For the impairment of the investments in subsidiaries, refer to Note III.18.

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the policies described in Note III.6.

III. Significant accounting policies and accounting estimates (continued)

12 Long-term equity investments (continued)

(2) Subsequent measurement of long-term equity investment (continued)

(b) Investment in joint ventures

A joint venture is an arrangement whereby the Group and other parties have joint control (see Note III.12(3)) and rights to the net assets of the arrangement.

An investment in a joint venture is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale.

Under the equity method:

– Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.

– After the acquisition of the investment, the Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by that amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution ("other changes in owners' equity"), is recognised directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.

– In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses resulting from transactions between the Group and its joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

III. Significant accounting policies and accounting estimates (continued)

12 Long-term equity investments (continued)

(2) Subsequent measurement of long-term equity investment (continued)

(b) Investment in joint ventures (continued)

– The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

For the impairment of the investments in joint ventures, refer to Note III.18.

(3) Criteria for determining the existence of joint control over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities with significant impact on the returns of the arrangement) require the unanimous consent of the parties sharing control.

The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

– Whether no single participant party is in a position to control the investee's related activities unilaterally;

– Whether strategic decisions relating to the investee's related activities require the unanimous consent of all participant parties that sharing of control.

III. Significant accounting policies and accounting estimates (continued)

13 Fixed assets

(1) Recognition of fixed assets

Fixed assets represent the tangible assets held by the Group for use in production of goods or for administrative purposes with useful lives over one accounting year.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note III.14.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets if the criteria to recognise fixed assets are satisfied, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of fixed assets are recognised in profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

(2) Depreciation of fixed assets

The cost of fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the fixed asset is classified as held-for-sale.

The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Class	**Estimated useful life (years)**	**Residual value rate (%)**	**Depreciation rate (%)**
Plant and buildings	40 years	10%	2.25%
Machinery and equipment	20 years	10%	4.5%
Office and other equipment	5 years	10%	18%
Motor vehicles	5 years	10%	18%

Useful lives, estimated residual value and depreciation methods are reviewed at least at each year-end.

(3) For the method of impairment testing and measurement, refer to Note III.18.

(4) For the recognition, measurement and depreciation of fixed assets acquired under finance leases, refer to Note III.25(3).

13 Fixed assets (continued)

(5) Disposal of fixed assets

The carrying amount of a fixed asset is derecognised:

- when the fixed asset is on disposal; or
- when no future economic benefit is expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item, and are recognised in profit or loss on the date of retirement or disposal.

14 Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs (see Note III.15), and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is included in construction in progress before it is transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress.

Construction in progress is stated in the balance sheet at cost less accumulated impairment losses (see Note III.18).

15 Borrowing costs

Borrowing costs incurred directly attributable to the acquisition and construction of a qualifying asset are capitalised as part of the cost of the asset.

Other borrowing costs are recognised as financial expenses when incurred.

During the capitalisation period, the amount of interest (including amortisation of any discount or premium on borrowing) to be capitalised in each accounting period is determined as follows:

- Where funds are borrowed specifically for the acquisition and construction of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.
- To the extent that the Group borrows funds generally and uses them for the acquisition, construction of a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditures on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

15 Borrowing costs (continued)

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognised amount of the borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognised as a financial expense when incurred.

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition, construction that are necessary to prepare the asset for its intended use are in progress, and ceases when the assets become ready for their intended use. Capitalisation of borrowing costs is suspended when the acquisition, construction activities are interrupted abnormally for a period of more than three months.

16 Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note III.18). For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortised using the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale.

The amortisation period for intangible assets is as follows:

Item	**Amortisation period (years)**
Land use right	35-50 years

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At the balance sheet date, the Group does not have any intangible assets with indefinite useful life.

Expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase.

Expenditure on the research phase expensed when incurred. Expenditure on the development phase is capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete the development. Capitalised development costs are stated in the balance sheet at cost less impairment losses (see Note III.18). Other development expenditure is recognised as an expense in the period in which it is incurred.

17 Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving enterprises under common control.

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (see Note III.18). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

18 Impairment of assets other than inventories and financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on the internal and external sources of information to determine whether there is any indication of impairment:

– fixed assets
– construction in progress
– intangible assets
– long-term equity investments
– goodwill

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group or set of asset groups that is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The recoverable amount of an asset (or asset group, set of asset groups, hereinafter in this note) is the higher of its fair value (see Note III.19) less costs to sell and its present value of expected future cash flows.

An asset group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. An asset group is composed of assets directly relating to cash-generation. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups. In identifying an asset group, the Group also considers how management monitors the Group's operations and how management makes decisions about continuing or disposing of the Group's assets.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

III. Significant accounting policies and accounting estimates (continued)

19 Fair value measurement

Unless otherwise specified, the Group determines fair value measurement as below:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

20 Provisions

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

– Where the contingency involves a single item, the best estimate is the most likely outcome.

– Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

III. Significant accounting policies and accounting estimates (continued)

21 Revenue recognition

Revenue is the gross inflow of economic benefit arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders. Revenue is recognised in profit or loss when it is probable that the economic benefits will flow to the Group, the revenue and costs can be measured reliably and the following conditions are met.

(1) Sale of goods

Revenue is recognised when all of the general conditions stated above and the following conditions are satisfied:

– The significant risks and rewards of ownership of goods have been transferred to the buyer;

– The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable under the sales contract or agreement.

(2) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

22 Employee benefits

(1) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(2) Post-employment benefits – defined contribution plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participated in a defined contribution basic pension insurance in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions are recognised as part of the cost of assets or charged to profit or loss as the related services are rendered by the employees.

22 Employee benefits (continued)

(3) Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

– When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;

– When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

23 Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contribution from the government in the capacity as an investor in the Group. Specific transfers from the government, such as investment grants that have been clearly defined in official documents as part of "capital reserve" are also dealt with as capital contributions rather than government grants.

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

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset. A grant that compensates the Group for expenses to be incurred in the future is recognised initially as deferred income, and released to profit or loss in the periods in which the expenses are recognised. A grant that compensates the Group for expenses already incurred is recognised in profit or loss immediately.

III. Significant accounting policies and accounting estimates (continued)

24 Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss). Deferred tax is not recognised for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the reporting date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all the following conditions are met:

– the taxable entity has a legally enforceable right to offset current tax liabilities and current tax assets;

– different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

25 Operating leases and finance leases

A lease is classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

III. Significant accounting policies and accounting estimates (continued)

25 Operating leases and finance leases (continued)

(1) Operating lease charges

Rental payments under operating leases are recognised as part of the cost of another related asset or as expenses on a straight-line basis over the lease term.

(2) Assets leased out under operating leases

Fixed assets leased out under operating leases, except for investment properties, are depreciated in accordance with the Group's depreciation policies described in Note III.13(2). Impairment losses are recognised in accordance with the accounting policy described in Note III.18. Income derived from operating leases is recognised in profit or loss using the straight-line method over the lease term. If initial direct costs incurred in respect of the assets leased out are material, the costs are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Otherwise, the costs are charged to profit or loss immediately.

(3) Assets acquired under finance leases

When the Group acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, each determined at the inception of the lease. At the commencement of the lease term, the minimum lease payments are recorded as long-term payables. The difference between the carrying amount of the leased assets and the minimum lease payments is recognised as unrecognised finance charges. Initial direct costs attributable to a finance lease incurred by the Group are added to the carrying amount of the leased asset. Depreciation and impairment losses are accounted for in accordance with the accounting policies described in Notes III.13 (2) and III.18, respectively.

If there is reasonable certainty that the Group will obtain ownership of a leased asset at the end of the lease term, the leased asset is depreciated over its estimated useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life.

Unrecognised finance charge under a finance lease is amortised using an effective interest method over the lease term. The amortisation is accounted for in accordance with the principles of borrowing costs (see Note III.15).

At the balance sheet date, the long-term payables arising from finance leases, net of the unrecognised finance charges, are analysed and separately presented as long-term payables or non-current liabilities due within one year.

III. Significant accounting policies and accounting estimates (continued)

26 Profit distributions to shareholders

Dividends or profit distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

27 Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties of the Group. Related parties of the Group and the Company include, but are not limited to:

(a) the Company's parent;

(b) the Company's subsidiaries;

(c) enterprises that are controlled by the Company's parent;

(d) investors that have joint control or exercise significant influence over the Group;

(e) enterprises or individuals if a party has control or joint control over both the enterprises or individuals and the Group;

(f) joint ventures of the Group, including subsidiaries of joint ventures;

(g) associates of the Group, including subsidiaries of associates;

(h) principal individual investors of the Group and close family members of such individuals;

(i) key management personnel of the Group and close family members of such individuals;

(j) key management personnel of the Company's parent;

(k) close family members of key management personnel of the Company's parent; and

(l) other enterprises that are controlled or jointly controlled by principal individual investors, key management personnel of the Group, or close family members of such individuals.

III. Significant accounting policies and accounting estimates (continued)

28 Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that meets all of the following conditions:

– that may earn revenue and incur expenses in daily business activities;

– whose operating results are regularly reviewed by the Group's management to allocate its resources and assess its performance; and

– for which discrete financial information on financial position, operating results and cash flows of the Group is available.

Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics and the segments are similar in each of the following aspects:

– the nature of each product and service;

– the nature of production process;

– the type or class of customers for their products and services;

– the methods used to distribute the products or provide their services;

– the influence brought by law, administrative regulations on production of products and provision of services.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

29 Significant accounting estimates and judgments

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Notes V.13 and Note IX contain information about the assumptions and their risk factors relating to impairment of goodwill and fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

III. Significant accounting policies and accounting estimates (continued)

29 Significant accounting estimates and judgments (continued)

(a) Impairment of receivables

As described in Note III.10, receivables that are measured at amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flow of an individual debtor or the portfolio of debtors, and significant changes in the financial condition that have an adverse effect on the debtor. If there is objective evidence of a recovery in the value of receivables which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed.

(b) Provision for impairment of inventories

As described in Note III.11, the net realisable value of inventories is under management's regular review, and as a result, provision for impairment of inventories is recognised for the excess of inventories' carrying amounts over their net realisable value. When making estimates of net realisable value, the Group takes into consideration the use of inventories held on hand and other information available to form the underlying assumptions, including the inventories' market prices and the Group's historical operating costs. The actual selling price, the costs of completion and the costs necessary to make the sale and relevant taxes may vary based on the changes in market conditions and product saleability, manufacturing technology and the actual use of the inventories, resulting in the changes in provision for impairment of inventories. The net profit or loss may then be affected in the period when the impairment of inventories is adjusted.

(c) Impairment of assets other than inventories and financial assets

As described in Note III.18, assets other than inventories and financial assets are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is recognised.

The recoverable amount of an asset (or an asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. Since a market price of the asset (or the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably, the recoverable amount was calculated based on the present value of estimated future cash flows. In assessing the present value of estimated future cash flows, significant judgements are exercised over the asset's production, selling price, related operating expenses and discount rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the production, selling price and related operating expenses based on reasonable and supportable assumptions.

III. Significant accounting policies and accounting estimates (continued)

29 Significant accounting estimates and judgments (continued)

(d) Depreciation and amortisation of assets such as fixed assets and intangible assets

As described in Notes III. 13 and 16, assets such as fixed assets and intangible assets are depreciated and amortised over their useful lives after taking into account residual value. The estimated useful lives of the assets are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives of the assets are determined based on historical experience of similar assets and the estimated technical changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

(e) Income tax

The Group is subject to income taxes in numerous jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

IV. Taxation

1 Main types of taxes and corresponding tax rates

Tax type	Tax basis	Tax rate
Value added tax (VAT)	Output VAT is calculated on product sales and taxable services revenue, based on tax laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable.	17%, 13%
Business tax	Based on taxable revenue	5%
City maintenance and construction tax	Based on business tax and VAT paid	1%, 5%, 7%
Corporate income tax	Based on taxable profits	15%, 25%

IV. Taxation (continued)

2 Tax preferential

The Company and other domestic subsidiaries are subject to income tax rate of 25% for the six months ended 30 June 2015 (2014: 25%) except for the following subsidiaries and the overseas subsidiaries of the Company were taxed at the local applicable income tax rates.

(a) According to implementing the Western Development Program about taxation preferential policy issued by Ministry of Finance, State Administration of Taxation, General Administration of Customs (Cai Shui No.202[2001]), notice of the State Administration of Taxation on specific opinions for implementing taxation policies for the Great Development of the Western Regions (Guo Shui Fa No.47[2002]), notice of State Council on implementation of transitional corporate income tax incentives (Guo Fa No.39[2007]), the Law of the PRC on Corporate Income Tax (the "CIT Law") and Implementation Regulation of the CIT Law, notice of Ministry of Finance, State Administration of Taxation, General Administration of Customs on implementation of Western Development Program about taxation policy (Cai Shui Fa No.58[2011]), the income tax is 15% for Baishui Andre Juice Co., Ltd. from 1 January 2011 to 31 December 2020.

(b) According to the CIT Law, profit derived from primary processing of agricultural produce is exempt from the PRC income tax. The production of juice concentrate of the Company and certain of its subsidiaries and production of bio-stuff of its subsidiaries are recognised as primary processing of agricultural produce under the CIT Law and therefore are exempt from the PRC income tax commenced from 1 January 2008. The following companies are recognised as primary processing of agricultural produce for the six months ended 30 June 2015 as follows:

Name of company	Principal activities	Preferential policy
Yantai North Andre Juice Co., Ltd.	Manufacture and sale of juice	Exempt from income tax
Yantai Andre Juice Co., Ltd.	Manufacture and sale of juice	Exempt from income tax
Baishui Andre Juice Co., Ltd.	Manufacture and sale of juice	Exempt from income tax
Xuzhou Andre Juice Co., Ltd.	Manufacture and sale of juice	Exempt from income tax
Yantai Longkou Andre Juice Co., Ltd.	Manufacture and sale of juice	Exempt from income tax
Dalian Andre Juice Co., Ltd.	Manufacture and sale of juice	Exempt from income tax
Yongji Andre Juice Co., Ltd.	Manufacture and sale of juice	Exempt from income tax
Binzhou Andre Juice Co., Ltd.	Manufacture and sale of juice	Exempt from income tax
Baishui Andre Bio-feedstuff Co., Ltd.	Manufacture and sale of bio-feedstuff	Exempt from income tax

V. Notes to the consolidated financial statements

1 Cash at bank and on hand

Item	30 June 2015	31 December 2014
Cash on hand	**814,739**	133,843
Deposits with banks	**507,874,550**	191,400,633
Total	**508,689,289**	191,534,476

As at 30 June 2015, cash at bank with restrictions placed on the Group's ownership amounted to RMB31,500,000 (31 December 2014: RMB 0), see Note V.15.

2 Bills receivable

Item	30 June 2015	31 December 2014
Bank acceptance bills	**1,680,000**	290,000

All of the above bills are due within one year, and are not pledged, endorsed or transferred.

3 Accounts receivable

(1) Accounts receivable by type are as follows:

Type	30 June 2015	31 December 2014
Related parties	**57,673,525**	31,517,680
Third parties	**96,853,156**	114,163,050
Sub-total	**154,526,681**	145,680,730
Less: Provision for bad and doubtful debts	**–**	–
Total	**154,526,681**	145,680,730

(2) The ageing analysis of accounts receivable is as follows:

Ageing	30 June 2015	31 December 2014
Within 6 months (inclusive)	**154,506,468**	137,253,953
Over 6 months but within 1 year (inclusive)	**20,213**	8,426,777
Sub-total	**154,526,681**	145,680,730
Less: Provision for bad and doubtful debts	**–**	–
Total	**154,526,681**	145,680,730

The ageing is counted starting from the date when accounts receivable are recognised.

V. Notes to the consolidated financial statements (continued)

3 Accounts receivable (continued)

(3) Accounts receivable of the Group are individually significant, therefore the account receivables are assessed for impairment and bad debt provision is determined on an individual basis and, then, on a collective group basis. Management is of the view that no bad debt provision is necessary for the accounts receivable balances in regard of the sound credit record of the customers.

(4) During the six months ended 30 June 2015 and 30 June 2014, the Group had no individually significant reverse or recovery of bad debts provision which had been fully or substantially provided for in prior years.

(5) During the six months ended 30 June 2015 and 30 June 2014, the Group had not written off any significant accounts receivable.

4 Prepayments

(1) Prepayments by category:

Item	**30 June 2015**	31 December 2014
Prepayment to suppliers	**3,623,111**	7,720,751
Other prepayments	**1,733,557**	1,260,700
Sub-total	**5,356,668**	8,981,451
Less: Provision for bad and doubtful debts	**–**	–
Total	**5,356,668**	8,981,451

(2) The ageing analysis of prepayments is as follows:

	30 June 2015		31 December 2014	
Ageing	**Amount**	**Percentage (%)**	Amount	Percentage (%)
Within 1 year (inclusive)	**5,169,651**	**97%**	8,266,743	92%
Over 1 year but within 2 years (inclusive)	**187,017**	**3%**	714,708	8%
Total	**5,356,668**	**100%**	8,981,451	100%

The ageing is counted starting from the date when prepayments are recognised.

V. Notes to the consolidated financial statements (continued)

5 Other receivables

(1) Other receivables by customer type:

Type	30 June 2015	31 December 2014
Related parties	**21,391**	–
Third parties	**5,783,708**	6,070,635
Sub-total	**5,805,099**	6,070,635
Less: Provision for bad and doubtful debts	**4,132,565**	4,132,565
Total	**1,672,534**	1,938,070

(2) As at 30 June 2015 and 31 December 2014, the Group did not hold any other receivables which were denominated in foreign currency.

(3) The ageing analysis of other receivables is as follows:

Ageing	30 June 2015	31 December 2014
Within 1 year (inclusive)	**1,667,034**	1,933,770
Over 1 year but within 2 years (inclusive)	**5,000**	4,300
Over 2 years but within 3 years (inclusive)	**500**	–
Over 3 years	**4,132,565**	4,132,565
Sub-total	**5,805,099**	6,070,635
Less: Provision for bad and doubtful debts	**4,132,565**	4,132,565
Total	**1,672,534**	1,938,070

The ageing is counted starting from the date when other receivables are recognised.

(4) During the six months ended 30 June 2015 and 30 June 2014, the Group had no individually significant reverse or recovery of bad debts provision which had been fully or substantially provided for in prior years.

V. Notes to the consolidated financial statements (continued)

6 Inventories

(1) Inventories by category:

	30 June 2015			31 December 2014		
Item	**Book value**	**Provision for impairment of inventories**	**Carrying amount**	Book value	Provision for impairment of inventories	Carrying amount
Raw materials	**31,469,531**	**–**	**31,469,531**	29,280,800	–	29,280,800
Finished goods	**537,895,447**	**(2,967,908)**	**534,927,539**	755,031,745	(2,967,908)	752,063,837
Total	**569,364,978**	**(2,967,908)**	**566,397,070**	784,312,545	(2,967,908)	781,344,637

As at 30 June 2015 and 31 December 2014, no inventories were pledged as security by the Group.

(2) An analysis of the movements of inventories for the period is as follows:

Item	Balance at the beginning of the period	Additions during the period	Reductions during the period	Balance at the end of the period
Raw materials	29,280,800	27,288,032	25,099,301	31,469,531
Finished goods	755,031,745	88,031,456	305,167,754	537,895,447
Sub-total	784,312,545	115,319,488	330,267,055	569,364,978
Less: Provision for impairment of inventories	2,967,908	–	–	2,967,908
Total	781,344,637	115,319,488	330,267,055	566,397,070

(3) Provision for impairment of inventories:

		Additions during the period		Written back during the period		
Item	**Balance at the beginning of the period**	**Provision**	**Others**	**Reversal or write-off**	**Others**	**Balance at the end of the period**
Finished goods	2,967,908	–	–	–	–	2,967,908

During the six months ended 30 June 2015, no provision for impairment of inventories (31 December 2014: RMB2,967,908) recognised as a reduction of inventories and was charged to profit or loss during the period.

V. Notes to the consolidated financial statements (continued)

7 Available-for-sale financial assets

Item	30 June 2015	31 December 2014
Available-for-sale financial assets	**41,000,000**	10,000,000
Less: Provision for impairment	–	–
Total	**41,000,000**	10,000,000

As at 30 June 2015, the Group invested in the wealth management products of Bank of Communication, with total amount of RMB20,000,000. The wealth management products are redeemable on demand.

As at 30 June 2015, the Group invested in the working capital loan collective trust scheme of Kaidi Electric Power Co., Ltd., with total amount of RMB11,000,000, and the trust loan collective trust scheme of Zhengzhou Navigation Construction, with total amount of RMB10,000,000, through National Trust Product Ltd.. The above trust products are expected to be matured in one year.

8 Other current assets

Item	30 June 2015	31 December 2014
Input VAT recoverable	**47,400,736**	60,263,754

9 Long-term equity investments

(1) Long-term equity investments by category:

Item	30 June 2015	31 December 2014
Investments in a joint venture	**55,744,186**	53,762,081
Less: Provision for impairment	–	–
Total	**55,744,186**	53,762,081

(2) Movements of long-term equity investments for the period are as follows:

	Book value of long-term equity investment						
Investee	Investment cost	At 1 January 2015	Increase/ (decrease)	At 30 June 2015	Shareholding percentage (%)	Voting rights percentage (%)	Cash dividend for the period
Joint venture							
Yantai Tongli Beverage Industries Co., Ltd.	50,000,000	53,762,081	1,982,105	55,744,186	50%	50%	–

V. Notes to the consolidated financial statements (continued)

9 Long-term equity investments (continued)

(3) Details of the joint venture

Name of Investee	Total assets at 30 June 2015	Total liabilities at 30 June 2015	Net assets at 30 June 2015	Total operating income for six months ended 30 June 2015	Net profit for six months ended 30 June 2015
Yantai Tongli Beverage Industries Co., Ltd.	132,462,166	20,973,793	111,488,373	62,137,071	3,964,211

Name of investee	Total assets at 31 December 2014	Total liabilities at 31 December 2014	Net assets at 31 December 2014	Total operating income for six months ended 30 June 2014	Net profit for six months ended 30 June 2014
Yantai Tongli Beverage Industries Co., Ltd.	112,241,505	4,717,343	107,524,162	80,394,509	6,533,874

V. Notes to the consolidated financial statements (continued)

10 Fixed assets

(1) Fixed assets

Item	Plant & buildings	Machinery & equipment	Office & other equipment	Motor vehicles	Total
Cost					
At 1 January 2015	505,269,526	855,650,684	23,438,322	11,386,493	1,395,745,025
Additions during the period					
– Purchases	528,150	1,009,278	69,342	–	1,606,770
– Transfer from construction in progress	6,604	–	–	–	6,604
Disposal or write-off during the period	–	(843,841)	(1,738)	(1,064,973)	(1,910,552)
At 30 June 2015	505,804,280	855,816,121	23,505,926	10,321,520	1,395,447,847
Accumulated depreciation					
At 1 January 2015	(122,929,922)	(450,856,266)	(18,063,239)	(9,431,027)	(601,280,454)
Charge for the period	(5,220,978)	(13,260,511)	(681,503)	(293,934)	(19,456,926)
Disposal or write-off during the period	–	66,486	–	913,068	979,554
At 30 June 2015	(128,150,900)	(464,050,291)	(18,744,742)	(8,811,893)	(619,757,826)
Provision for impairment					
At 1 January 2015	–	–	–	–	–
Charge for the period	–	(502,717)	–	–	(502,717)
At 30 June 2015	–	(502,717)	–	–	(502,717)
Carrying amounts					
At 30 June 2015	377,653,380	391,263,113	4,761,184	1,509,627	775,187,304
At 1 January 2015	382,339,604	404,794,418	5,375,083	1,955,466	794,464,571

As at 30 June 2015, no fixed assets with restrictions placed on the Group's ownership (31 December 2014: RMB65,346,057), see Note V.15.

V. Notes to the consolidated financial statements (continued)

10 Fixed assets (continued)

(2) Fixed assets acquired under finance leases

As at 30 June 2015 and 31 December 2014, no fixed assets were acquired under finance leases.

(3) Fixed assets leased out under operating leases

As at 30 June 2015 and 31 December 2014, no significant fixed assets were leased out under operating leases.

(4) Fixed assets with pending certificates of ownership

As at 30 June 2015 and 31 December 2014, no fixed assets with pending certificates of ownership were placed on the Group's ownership.

11 Construction in progress

(1) Construction in progress

Project	**30 June 2015**			31 December 2014		
	Book value	**Provision for impairment**	**Carrying amount**	Book value	Provision for impairment	Carrying amount
Tubbing workshop construction	**34,200**	**–**	**34,200**	–	–	–
Others	**15,311**	**–**	**15,311**	15,311	–	15,311
Total	**49,511**	**–**	**49,511**	15,311	–	15,311

As at 30 June 2015 and 31 December 2014, no interest was capitalized in construction in progress of the Group.

(2) Movements of major construction projects in progress during the period

Project	Budget	At 1 January 2015	Additions during the period	Transfer to fixed assets	At 30 June 2015	Percentage of actual cost to budget (%)	Project progress	Sources of funds
Tubbing workshop construction	74,000	–	34,200	–	34,200	46%	46%	Internal funding
Others	–	15,311	6,604	(6,604)	15,311	–	–	Internal funding
Total		15,311	40,804	(6,604)	49,511			

V. Notes to the consolidated financial statements (continued)

12 Intangible assets

Item	Land use rights
Cost	
At 1 January 2015 and 30 June 2015	118,907,057
Accumulated amortisation	
At 1 January 2015	(18,206,380)
Charge for the period	(1,427,619)
At 30 June 2015	(19,633,999)
Carrying amounts	
At 30 June 2015	99,273,058
At 1 January 2015	100,700,677

As at 30 June 2015 and 31 December 2014, all of the Group's land use rights are held in the PRC on medium-term lease.

As at 30 June 2015 and 31 December 2014, no interest was capitalized in intangible assets of the Group.

As at 30 June 2015, the Group has no intangible assets used as mortgage for bank loans (2014: RMB5,205,910), refer to Note V.15.

As at 30 June 2015 and 31 December 2014, no land use rights with pending certificates of ownership were placed on the Group's ownership.

V. Notes to the consolidated financial statements (continued)

13 Goodwill

(1) Changes in goodwill

Name of investee	Note	Balance at 1 January 2015	Additions during the period	Disposal during the period	Balance at 30 June 2015	Provision impairment at the end of the period
Anyue Andre Lemon Industry Technology Co., Ltd.	(a)	3,066,599	–	–	3,066,599	–
Yongji Andre Juice Co., Ltd.	(b)	4,566,293	–	–	4,566,293	–
Yantai Longkou Andre Juice Co., Ltd.	(c)	1,020,683	–	–	1,020,683	–
Total		8,653,575	–	–	8,653,575	–

(a) The Group acquired the equity interest of Anyue Andre Lemon Industry Technology Co., Ltd. at an aggregated cash consideration of RMB52,120,000 in 2014. The goodwill represents the excess of the cost of the acquisition over the Group's interests in the fair value of the identifiable assets and liabilities of Anyue Andre Lemon Industry Technology Co., Ltd..

(b) The Group acquired the equity interest of Yongji Andre Juice Co., Ltd. at an aggregated cash consideration of RMB56,201,585 in 2011. The goodwill represents the excess of the cost of the acquisition over the Group's interests in the fair value of the identifiable assets and liabilities of Yongji Andre Juice Co., Ltd..

(c) The Group acquired the equity interest of Yantai Longkou Andre Juice Co., Ltd. at an aggregated cash consideration of RMB32,035,810 in 2003. The goodwill represents the excess of the cost of the acquisition over the Group's interests in the fair value of the identifiable assets and liabilities of Yantai Longkou Andre Juice Co., Ltd..

(2) Impairment provision for goodwill

The Group's asset groups which the goodwill recognised are Anyue Andre Lemon Industry Technology Co., Ltd., Yongji Andre Juice Co., Ltd. and Yantai Longkou Andre Juice Co., Ltd..

The recoverable amounts of Anyue Andre Lemon Industry Technology Co., Ltd., Yongji Andre Juice Co., Ltd. and Yantai Longkou Andre Juice Co., Ltd. are determined based on the present value of expected future cash flows. The present value of expected future cash flows was projected based on the next five-year financial forecast approved by management and a pre-tax discount rate of 6.77% (2014: 7.00%). The cash flows beyond the five-year forecast period were assumed to be stable. Based on the estimated recoverable amount, no impairment loss was recognised. However, as key assumptions on which management has made in respect of future cash projections are subject to change, management believes that any adverse change in the assumptions would cause the carrying amount to exceed its recoverable amount.

Key assumptions used in the present value of expected future cash flows of Anyue Andre Lemon Industry Technology Co., Ltd., Yongji Andre Juice Co., Ltd. and Yantai Longkou Andre Juice Co., Ltd. included gross profit margin of 10%~24% and sales volume increase of 0%~10%, which were determined by management based on past performance.

V. Notes to the consolidated financial statements (continued)

14 Deferred tax assets

(1) Details of unrecognised deferred tax assets

Item	30 June 2015	31 December 2014
Deductible tax losses	**48,926,173**	48,930,441

(2) Expiration of deductible tax losses for unrecognised deferred tax assets

Year	30 June 2015	31 December 2014
2015	–	4,927,592
2016	**12,952,655**	13,798,356
2017	**44,500**	2,009,827
2018	**1,870,818**	3,070,754
2019	**25,123,912**	25,123,912
2020	**8,934,288**	–
Total	**48,926,173**	48,930,441

15 Assets with restricted ownership or right of use

As at 30 June 2015, the assets with restrictions placed on their ownership were as follows:

Item	Note	Balance at the beginning of the period	Additions during the period	Decrease during the period	Balance at the end of the period
Cash at bank	V.1	–	31,500,000	–	31,500,000
Fixed assets	V.10	65,346,057	–	(65,346,057)	–
Intangible assets	V.12	5,205,910	–	(5,205,910)	–
Total		70,551,967	31,500,000	(70,551,967)	31,500,000

Assets pledged for the loans are the cash at bank. Assets mortgaged for the loans with mortgage are the fixed assets and intangible assets.

V. Notes to the consolidated financial statements (continued)

16 Short-term loans

Category	30 June 2015 Annual interest rate	Currency	Principal	Exchange Rate	RMB
Credit loans	**4.50%**	**USD**	**10,000,000**	**6.1136**	**61,136,000**
Credit loans	**Libor+3.50%**	**USD**	**8,000,000**	**6.1136**	**48,908,800**
Guaranteed loans	**3.50%~3.97%**	**USD**	**8,700,000**	**6.1136**	**53,188,320**
Guaranteed loans	**Libor+2.00%**	**USD**	**7,500,000**	**6.1136**	**45,852,000**
Pledged loans	**1.93%**	**USD**	**5,000,000**	**6.1136**	**30,568,000**
Credit loans	**4.92%~5.56%**	**RMB**	**–**	**–**	**93,000,000**
Guaranteed loans	**Base rate rise 1.00%~10.00%**	**RMB**	**–**	**–**	**279,000,000**
Total					**611,653,120**

Item	31 December 2014 Annual interest rate	Currency	Principal	Exchange Rate	RMB
Loans secured by mortgage	6.30%	RMB	–	–	50,000,000
Credit loans	4.28%~4.50%	USD	23,000,000	6.1190	140,737,000
Credit loans	5.90%	RMB	–	–	45,000,000
Guaranteed loans	Base rate rise 4.00%~10.00%	RMB	–	–	140,000,000
Guaranteed loans	5.50%~6.16%	RMB	–	–	97,500,000
Total					473,237,000

As at 30 June 2015 and 31 December 2014, the Group did not have past due short-term loans

For the information of assets related to pledged loans and loans secured by mortgage, refer to Note V.15.

For the information of guaranteed loans, refer to Note X.6.

17 Accounts payable

The ageing analysis of accounts payable is as follows:

Ageing	30 June 2015	31 December 2014
Within 6 months (inclusive)	**17,094,534**	53,638,759
Over 6 months but within 1 year (inclusive)	**8,100,440**	4,629,647
Over 1 year	**1,930,186**	8,295,159
Total	**27,125,160**	66,563,565

The ageing is counted starting from the date when accounts payable are recognised.

V. Notes to the consolidated financial statements (continued)

18 Employee benefits payable

(1) Employee benefits payable:

	1 January 2015	Accrued during the period	Decreased during the period	30 June 2015
Short-term employee benefits	16,365,153	14,055,228	17,069,211	13,351,170
Post-employment benefits – defined contribution plans	–	1,537,864	1,537,864	–
Total	16,365,153	15,593,092	18,607,075	13,351,170

(2) Short-term employee benefits

	1 January 2015	Accrued during the period	Decrease during the period	30 June 2015
Salaries, bonuses, allowances	3,375,108	12,904,752	16,018,241	261,619
Staff welfare	12,988,131	260,945	159,525	13,089,551
Social insurance				
Medical insurance	–	512,621	512,621	–
Work-related injury insurance	–	80,555	80,555	–
Maternity insurance	–	73,232	73,232	–
Housing fund	–	126,635	126,635	–
Labour union fee, staff and workers' education fee	1,914	96,488	98,402	–
Total	16,365,153	14,055,228	17,069,211	13,351,170

(3) Post-employment benefits – defined contribution plans

	1 January 2015	Accrued during the period	Decrease during the period	30 June 2015
Basic pension insurance	–	1,464,632	1,464,632	–
Unemployment insurance	–	73,232	73,232	–
Total	–	1,537,864	1,537,864	–

As stipulated by the regulations of the PRC, the Group participates in various defined contribution retirement plans organised by municipal governments for its staff. The Group is required to make contributions to the retirement plans at 21% (2014: 21%) of the salaries, bonuses and certain allowances of its staff of last year. A member of the plan is entitled to a pension, to be paid by the municipal governments, equal to a fixed proportion of the salary prevailing at his retirement date. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

V. Notes to the consolidated financial statements (continued)

19 Taxes payable

Item	**30 June 2015**	31 December 2014
Corporate income tax	**22,026**	6,742,852
Land use tax	**290,587**	454,081
Business tax	**1,055**	1,055
Value added tax	**20,881,776**	6,836,458
Stamp duty	**10,590**	20,947
Property tax	**111,033**	297,281
Foundation for water works	**1,682**	58,635
Urban maintenance and construction tax	**53,282**	426,827
Education surcharges	**128,494**	309,558
Individual income tax	**32,587**	36,316
Total	**21,533,112**	15,184,010

20 Dividends payable

Pursuant to the resolution passed at the annual general meeting on 26 May 2015, a dividend payable to the equity shareholders of the Company of RMB0.05 per share was approved. For the six months ended 30 June 2015, the Company repurchased 11,600,000 shares. As at 30 June 2015, after the shares repurchase, the number of the Company's issued shares was 381,000,000 ordinary shares, and the dividends payable amounted to RMB19,050,000.

The Group did not have individual or significant dividends payable denominated in the foreign currency as at 30 June 2015 and 31 December 2014.

21 Other payables

Type	**30 June 2015**	31 December 2014
Related parties	**124,468**	7,859,697
Third parties	**34,874,529**	31,960,551
Total	**34,998,997**	39,820,248

V. Notes to the consolidated financial statements (continued)

22 Share capital

	1 January 2015	Changes during the period (+/-) Issue of new shares	Share consolidation	Purchase of own shares	Sub-total	30 June 2015
Total number of shares	392,600,000	–	–	(11,600,000)	(11,600,000)	381,000,000
Amount (RMB)	392,600,000	–	–	(11,600,000)	(11,600,000)	381,000,000

Pursuant to resolutions passed at the annual general meeting and the class meetings of the holders of the H shares and Promoter shares of the Company on 26 May 2015 as well as approvals from relevant government authorities, the Company repurchased 11,600,000 H Shares at consideration of HKD39,174,060 (equivalent to RMB31,122,248) at Hong Kong Exchanges and Clearing Limited from 3 June 2015 to 11 June 2015. The repurchase shares had been cancelled and deregistered. The Company's issued share capital was reduced by the amount equivalent to the par value of the repurchased shares. Excess of the repurchase price over the par value of the repurchased shares were charged against the capital reserve. After the capital reduction, the total number of shares changed from 392,600,000 shares to 381,000,000 shares with a par value of RMB1.00 each and the Company's registered capital changed to RMB381,000,000.

23 Capital reserve

Item	Balance at the beginning of the period	Additions during the period	Reductions during the period	Balance at the end of the period
Share premiums	94,612,597	–	19,522,248	75,090,349
Foreign currency translation	9,926	–	–	9,926
Total	94,622,523	–	19,522,248	75,100,275

24 Surplus reserve

Item	Balance at the beginning of the period	Additions during the period	Balance at the end of the period
Statutory surplus reserve	104,236,707	–	104,236,707

V. Notes to the consolidated financial statements (continued)

25 Retained earnings

Item	Note	**Amount**
At 1 January 2015		948,188,123
Add: Net profits for the period attributable to shareholders of the Company		38,042,992
Less: Dividends payable on ordinary shares	(1)	(19,050,000)
At 30 June 2015		967,181,115

As at 30 June 2015, distributable reserve of the Company amounted to RMB351,435,864 (31 December 2014: RMB371,971,570).

(1) Distribution of dividends of ordinary shares declared

Pursuant to the resolution passed at the annual general meeting on 26 May 2015, a dividend payable to equity shareholders of the Company of RMB0.05 per share. As at 30 June 2015, the number of the Company's issued shares was 381,000,000 ordinary shares and the dividend payable to the equity shareholders of the Company was RMB19,050,000.

Pursuant to the resolution passed at the annual general meeting on 25 June 2014, a dividend payable to the equity shareholders of the Company of RMB0.05, totalling RMB20,449,400, was approved.

The Board does not recommend interim dividend for the period ended 30 June 2015 and 30 June 2014.

26 Operating income and operating costs

	For the six months ended 30 June			
	2015		2014	
Item	**Income**	**Cost**	Income	Cost
Principal activities	**397,449,059**	**309,982,230**	433,122,951	336,862,463
Other businesses	**4,062,945**	**1,095,562**	790,847	143,285
Total	**401,512,004**	**311,077,792**	433,913,798	337,005,748

Turnover primarily represents income arising from the sales of condensed juice net of value added tax.

Other operating income primarily represents income arising from the sales of packaging materials and so on.

V. Notes to the consolidated financial statements (continued)

27 Business taxes and surcharges

Item	For the six months ended 30 June 2015	2014
Urban maintenance and construction tax	**1,636,733**	856,056
Education surcharges	**1,325,983**	805,277
Price adjustment fund	–	73,759
Foundation for water works	**46,989**	75,444
Total	**3,009,705**	1,810,536

28 Financial expenses

Item	For the six months ended 30 June 2015	2014
Interest expenses on bank borrowings repayable wholly within five years	**18,530,999**	23,011,467
Interest income from deposits	**(148,677)**	(374,909)
Net exchange gains	**(6,565,657)**	(1,753,858)
Other financial expenses	**139,496**	457,659
Total	**11,956,161**	21,340,359

29 Impairment losses

Item	For the six months ended 30 June 2015	2014
Inventories	–	3,727,324
Fixed assets	**502,717**	–
Total	**502,717**	3,727,324

30 Investment income

Investment income by item

Item	For the six months ended 30 June 2015	2014
Income from long-term equity investments accounted for under the equity method	**1,982,105**	3,266,937
Investment income from disposal of financial assets	**687,106**	295,515
Total	**2,669,211**	3,562,452

V. **Notes to the consolidated financial statements (continued)**

31 Non-operating income

(1) Non-operating income by item is as follows:

Item	Note	For the six months ended 30 June 2015	2014
Government grants	(2)	**156,985**	1,732,985
Gains on disposal of non-current assets		**29,342**	7,284
Others		**1,843**	10,197
Total		**188,170**	1,750,466

(2) Details of government grants

Item	For the six months ended 30 June 2015	2014	Related to assets/income
Agriculture grants	**17,500**	23,985	related to assets
Science and technology project subsidies	**52,500**	1,674,000	related to assets/income
Environment protection award	**50,000**	–	related to income
Others	**36,985**	35,000	related to income
Total	**156,985**	1,732,985	

During the six month ended 30 June 2015, the Group received grants totalling RMB156,985 from various government authorities as rewards for its contributions in research and development of juice condensation technology, local environmental protection and local agriculture industry.

32 Non-operating expenses

Item	For the six months ended 30 June 2015	2014
Donations provided	–	120,000
Losses on disposal of non-current assets	**17,602**	–
Others	–	6,324
Total	**17,602**	126,324

V. **Notes to the consolidated financial statements (continued)**

33 Income tax expenses

Item	For the six months ended 30 June 2015	2014
Current tax expenses for the period based on tax law and regulations	**36,571**	217,166
Recognition/(reversal) of income tax made in previous years	**25,611**	(1,097,308)
Total	**62,182**	(880,142)

(1) Reconciliation between income tax expense and accounting profit is as follows:

Item	For the six months ended 30 June 2015	2014
Profit before taxation	**38,105,174**	33,870,080
Expected income tax expenses at tax rate of 25%	**9,526,294**	8,467,520
Effect of tax preferential benefit	**(12,390,903)**	(12,419,731)
Effect of different tax rates applied by certain subsidiaries	**620,816**	27,975
Effect of tax loss of tax-exempted business	**200,437**	343,381
Effect of unrecognised deferred tax asset for deductible loss	**2,233,572**	3,664,174
Effect of utilisation of deductible loss, which had not been recognised as deferred tax asset in previous year	**(302,593)**	–
Effect of adjusting income tax for previous year	**25,611**	(1,097,308)
Effect of non-deductible costs, expenses and losses	**148,948**	133,847
Income tax expense	**62,182**	(880,142)

V. Notes to the consolidated financial statements (continued)

34 Basic earnings per share and diluted earnings per share

(1) Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

	For the six months ended 30 June	
	2015	2014
Consolidated net profit attributable to ordinary shareholders of the Company	**38,042,992**	34,750,222
Weighted average number of ordinary shares outstanding	**391,183,655**	408,774,751
Basic earnings per share (RMB/share)	**0.097**	0.085

The Group had no dilutive potential ordinary shares during the reporting period.

(2) Weighted average number of the Company's ordinary shares is calculated as follows:

	30 June 2015	30 June 2014
Issued ordinary shares at 1 January	**392,600,000**	408,988,000
Effect of repurchase of own shares	**(1,416,345)**	(213,249)
Weighted average number of ordinary shares at 30 June	**391,183,655**	408,774,751

V. Notes to the consolidated financial statements (continued)

35 Supplement to income statement

Expenses are analysed by their nature:

Item	For the six months ended 30 June 2015	2014
Operating income	**401,512,004**	433,913,798
Less: Changes in inventories of finished goods and work in progress	**217,136,298**	253,928,086
Finished goods purchased	**41,550,449**	25,227,870
Raw materials and consumables used	**25,099,301**	16,521,440
Employee benefits expenses	**15,593,092**	13,455,677
Depreciation and amortisation expenses	**20,884,545**	18,541,211
Financial expenses	**11,956,161**	21,340,359
Impairment losses	**502,717**	3,727,324
Other expenses	**33,353,478**	50,864,203
Add: Investment income	**2,669,211**	3,562,452
Profit before income tax	**38,105,174**	33,870,080

36 Supplementary information on cash flow statement

(1) Supplement to cash flow statement

a. Reconciliation of net profit to cash flows from operating activities:

Item	For the six months ended 30 June 2015	2014
Net profit	**38,042,992**	34,750,222
Add: Depreciation of fixed assets	**19,456,926**	17,395,165
Amortisation of intangible assets	**1,427,619**	1,146,046
Impairment provisions for assets	**502,717**	3,727,324
Net gains on disposal of fixed assets	**(11,740)**	(7,284)
Financial expenses	**18,410,119**	22,339,474
Investment income	**(2,669,211)**	(3,562,452)
Decrease in gross inventories	**214,947,567**	278,760,038
Decrease in operating receivables	**13,635,174**	148,321,750
Decrease in operating payables	**(31,770,977)**	(158,473,308)
Net cash flow from operating activities	**271,971,186**	344,396,975

V. Notes to the consolidated financial statements (continued)

36 Supplementary information on cash flow statement (continued)

(1) Supplement to cash flow statement (continued)

b. Change in cash and cash equivalents:

Item	30 June 2015	30 June 2014
Cash at the end of the period	**508,689,289**	646,517,876
Less: Cash at the beginning of the period	**191,534,476**	427,710,459
Net increase in cash and cash equivalents	**317,154,813**	218,807,417

(2) Details of cash and cash equivalents

Item	30 June 2015	30 June 2014
Cash at bank and on hand		
Including: Cash on hand	**814,739**	556,897
Bank deposits available on demand	**507,874,550**	645,960,979
Closing balance of cash and cash equivalents	**508,689,289**	646,517,876

VI. Change of consolidation scope

The liquidation and cancellation of subsidiaries

During April 2015, the Group liquidated and deregistered a subsidiary, Longkou Andre Bio-feedstuff Co., Ltd.. The subsidiary's assets and liabilities had been transferred to Yantai Longkou Andre Juice Co., Ltd. based on the book value. Therefore, Longkou Andre Bio-feedstuff Co., Ltd. no longer included in the scope of consolidation. The liquidation has no significant effect on the financial position of the Group.

VII. Interests in other entities

1 Interests in subsidiaries

(1) Subsidiaries acquired through establishment or investment

Full name	Type	Registration place	Business nature	Registered capital	Business scope	Period-end actual investment	Closing balance of other items that in substance from net investment in a subsidiary	Group shareholding percentage (%)	Group voting rights percentage (%)	Consolidated (Y/N)	Organisation code
Baishui Andre Juice Co., Ltd.	Company Limited (Sino-foreign joint venture)	Shaanxi, PRC	Manufacture and sale of condensed juice	USD17,000,000	Manufacture of juice, fruit and vegetable beverage, and related products, and iron packaging; and sale of own products.	USD17,000,000	–	100%	100%	Y	73266447-8
Yantai Longkou Andre Juice Co., Ltd.	Company Limited (Sino-foreign joint venture)	Shandong, PRC	Manufacture and sale of condensed juice	USD12,235,000	Manufacture of juice and sale of own products.	USD12,235,000	–	100%	100%	Y	73722971-5
Xuzhou Andre Juice Co., Ltd.	Company Limited (Sino-foreign joint venture)	Jiangsu, PRC	Manufacture and sale of condensed juice	USD10,000,000	Manufacture of juice, fruit and vegetable beverage, and related products; sale of own products; and manufacture of iron barrel for juice outer packaging.	USD10,000,000	–	100%	100%	Y	74313425-3
Andre Juice Co., Ltd.	Company Limited	British Virgin Islands	Investment holding	USD50,000	Investment holding.	USD1	–	100%	100%	Y	–
North Andre Juice (USA) Inc.	Company Limited	The United States of America	Sale of condensed juice	USD10,000	Sale of condensed juice.	USD10,000	–	100%	100%	Y	–

VII. Interests in other entities (continued)

1 Interests in subsidiaries (continued)

(1) Subsidiaries acquired through establishment or investment (continued)

Full name	Type	Registration place	Business nature	Registered capital	Business scope	Period-end actual investment	Closing balance of other items that in substance from net investment in a subsidiary	Group shareholding percentage (%)	Group voting rights percentage (%)	Consolidated (Y/N)	Organisation code
Dalian Andre Juice Co., Ltd.	Company Limited	Liaoning, PRC	Manufacture and sale of condensed juice	RMB80,000,000	Manufacture and sale of all kinds of fruit and vegetable beverage; biological comprehensive utilization of apple essence, vegetable and pomace; and purchase of agricultural and sideline products (excluding grain); and manufacture of iron packaging; imports and exports of goods and technology.	RMB80,000,000	–	100%	100%	Y	95994248-7
Binzhou Andre Juice Co., Ltd.	Company Limited (Sino-foreign joint venture)	Shandong, PRC	Manufacture and sale of condensed juice	USD12,100,000	Manufacture of beverage, high natural apple essence, and iron packaging; biological comprehensive utilization of pomace, and other extended products; winter jujube storage; sale of own products.	USD12,100,000	–	100%	100%	Y	75175733-8
Yantai Andre Juice Co., Ltd.	Company Limited (Sino-foreign joint venture)	Shandong, PRC	Manufacture and sale of fruit pulp	USD4,832,000	Manufacture and processing of all kinds of fruit pulp and related products, and sale of own products; wholesale and import and export of juice and pulp	USD4,832,000	–	100%	100%	Y	73066788-6

VII. Interests in other entities (continued)

1 Interests in subsidiaries (continued)

(2) Subsidiaries acquired through business combinations not under common control

Full name	Type	Registration place	Business nature	Registered capital	Business scope	Period-end actual investment	Closing balance of other items that in substance from net investment in a subsidiary	Group shareholding percentage (%)	Group voting rights percentage (%)	Consolidated (Y/N)	Organisation code
Baishui Andre Bio-feedstuff Co., Ltd.	Company Limited (Sino-foreign joint venture)	Shaanxi, PRC	Manufacture and sale of bio-feedstuff	RMB4,138,000	Manufacture of bio-feedstuff and related packaging; and sale of own products	RMB4,138,000	–	100%	100%	Y	76256747-6
Yongji Andre Juice Co., Ltd.	Company Limited (Sino-foreign joint venture)	Shanxi, PRC	Production and sale of condensed juice	USD12,960,000	Manufacture and sale of fruit and vegetable juice and beverage, high natural apple essence, and biological comprehensive utilization of pomace	USD12,960,000	–	100%	100%	Y	79638415-X
Anyue Andre Lemon Industry Technology Co., Ltd.	Limited Company	Sichuan, PRC	Production and sale of juice	RMB50,000,000	Plant, manufacture and sale of lemon; manufacture and sale of lemon oil, lemon essence, orange oil and orange essence	RMB50,000,000	–	100%	100%	Y	56971595-9

VII. Interests in other entities (continued)

2 Interests in joint ventures

(1) Joint ventures

Name of investee	Entity type	Place of registration	Legal representative	Business nature	Group Registered capital	Group shareholding (%)	Related voting rights (%)	Accounting treatment on investments in joint venture	Strategic to the Group's activities?
Yantai Tongli Beverage Industries Co., Ltd.	Limited company (Sino-foreign joint venture)	Shandong, PRC	Wang An	Manufacture and sale of beverage	USD 14,641,200	50%	50%	Equity method	no

(2) Key financial information of the joint venture:

The key financial information of the Group's joint venture are set out in V.9(3), which were adjusted for fair value adjustments at the time of acquisition and the differences in accounting policies of the Group.

VIII. Risk related to financial instruments

The Group has exposure to the following risks from its use of financial instruments in the normal course of the Group's operations, which mainly include:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk
- Other price risk

This note mainly presents information about the Group's exposure to each of the above risks and their sources, their changes during the period, and the Group's objectives, policies and processes for measuring and managing risks, and their changes during the period.

The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The internal audit department of the Group undertakes both regular and ad-hoc reviews of risk management controls and procedures.

VIII. Risk related to financial instruments (continued)

(1) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to cash at bank, receivables, debt investments and derivative financial instruments entered into for hedging purposes and other financial assets. Exposure to these credit risks are monitored by management on an ongoing basis.

The cash at bank of the Group is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

In respect of receivables, the risk management committee of the Group has established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. These evaluations focus on the customers' financial position, the external ratings of the customers and their bank credit records where available. Receivables are due within 180 days from the date of billing. Debtors with balances are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

In monitoring the Group's credit risk, customer data are analysed by the Group according to some factors, such as ageing and maturity date.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry, country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers. As at 30 June 2015, 25% (31 December 2014: 63%) of the total accounts receivable and other receivables were due from the five largest customers of the Group. In addition, the debtors of the Group that are neither past due nor impaired mainly relate to a wide range of customers for whom there was no recent history of default.

Investments are normally only in liquid securities quoted on a recognised stock exchange, except where entered into for long-term strategic purposes, and counterparties have equivalent or higher credit ratings than the Group. Given their high credit standing, management does not expect any investment counterparty to fail to meet its obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The Group does not provide any other guarantees which would expose the Group to credit risk.

VIII. Risk related to financial instruments (continued)

(2) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. The Company and its individual subsidiaries are responsible for their own cash management, including short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay:

	At 30 June 2015 Contractual undiscounted cash flow					
Item	**Within 1 year or on demand**	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amount at balance sheet date**
Financial liabilities						
Short-term loans	**629,534,221**	**–**	**–**	**–**	**629,534,221**	**611,653,120**
Accounts payable and other payables	**48,382,975**	**–**	**–**	**–**	**48,382,975**	**48,382,975**
Dividends payable	**19,050,000**	**–**	**–**	**–**	**19,050,000**	**19,050,000**
Long-term payables	**–**	**–**	**–**	**1,111,000**	**1,111,000**	**710,970**
Total	**696,967,196**	**–**	**–**	**1,111,000**	**698,078,196**	**679,797,065**

	At 31 December 2014 Contractual undiscounted cash flow					
Item	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at balance sheet date
Financial liabilities						
Short-term loans	484,744,324	–	–	–	484,744,324	473,237,000
Accounts payable and other payables	93,094,602	–	–	–	93,094,602	93,094,602
Long-term payables	–	–	–	1,111,000	1,111,000	692,453
Total	577,838,926	–	–	1,111,000	578,949,926	567,024,055

VIII. Risk related to financial instruments (continued)

(3) Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The Group does not enter into financial derivatives to hedge interest rate risk.

(a) The Group held the following interest-bearing financial instruments:

Fixed rate instruments:

Item	**30 June 2015** Effective interest rate	Amount	31 December 2014 Effective interest rate	Amount
Financial assets				
– Available-for-sale financial assets	**1.60%~9.80%**	**41,000,000**	9.50%	10,000,000
Financial liabilities				
– Short-term loans	**1.93%~5.56%**	**(237,892,320)**	4.28%~6.30%	(333,237,000)
Total		**(196,892,320)**		(323,237,000)

Variable rate instruments:

Item	**30 June 2015** Effective interest rate	Amount	31 December 2014 Effective interest rate	Amount
Financial assets				
– Cash at bank	**0.01%~2.25%**	**507,874,550**	0.10%~3.00%	191,400,633
Financial liabilities				
– Short-term loans	**Base rate rise 1.00%~10.00%/ Libor+2.00%/ Libor+3.50%**	**(373,760,800)**	Base rate rise 4.00%~10.00%	(140,000,000)
Total		**134,113,750**		51,400,633

(b) Sensitivity analysis

As at 30 June 2015, it is estimated that a general increase of 50 basis points in interest rates, with all other variables held constant, would increase the Group's equity by RMB 502,927 (2014: RMB 192,752), and net profit by RMB 502,927 (2014: RMB 192,752).

VIII. Risk related to financial instruments (continued)

(3) Interest rate risk (continued)

(b) Sensitivity analysis (continued)

The sensitivity analysis above indicates the instantaneous change in the net profit and equity that would arise assuming that the change in interest rates had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the balance sheet date. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on the net profit and equity is estimated as an six months period impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for the previous period.

(4) Foreign currency risk

In respect of cash at bank and on hand, accounts receivable and payable, short-term loans and other assets and liabilities denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(a) As at 30 June 2015, the Group's exposure to currency risk arising from recognised assets or liabilities denominated in foreign currencies is presented in the following tables. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.

	30 June 2015		31 December 2014	
	Balance at foreign currency	**Balance at RMB equivalent**	Balance at foreign currency	Balance at RMB equivalent
Cash at bank and on hand				
– USD	**4,463,817**	**27,289,992**	19,636,773	120,157,414
– HKD	**12,306,339**	**9,704,779**	–	–
Accounts receivable				
– USD	**10,923,111**	**66,779,531**	18,677,982	114,290,574
Accounts payable				
– USD	**(402,301)**	**(2,459,507)**	(3,989,861)	(24,413,959)
Other payables				
– USD	**(7,576)**	**(46,317)**	(5,096)	(31,182)
Short-term loans				
– USD	**(39,200,000)**	**(239,653,120)**	(23,000,000)	(140,737,000)
Net balance sheet exposure				
– USD	**(24,222,949)**	**(148,089,421)**	11,319,798	69,265,847
– HKD	**12,306,339**	**9,704,779**	–	–

VIII. Risk related to financial instruments (continued)

(4) Foreign currency risk (continued)

(b) The following are the exchange rates for Renminbi against foreign currencies applied by the Group:

	Average rate		Reporting date mid-spot rate	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
USD	**6.1289**	6.1454	**6.1136**	6.1190
HKD	**0.7905**	0.7924	**0.7886**	0.7889

(c) Sensitivity analysis

Assuming all other risk variables remained constant, a 5% strengthening of the Renminbi against the US dollar and HK dollar at 30 June 2015 would have (increased)/decreased the Group's equity and net profit by the amount shown below, whose effect is in Renminbi and translated using the spot rate at the balance sheet date:

	Equity	Net profit
As at 30 June 2015		
USD	(5,553,353)	(5,553,353)
HKD	363,929	363,929
Total	(5,189,424)	(5,189,424)
As at 31 December 2014		
USD	2,597,469	2,597,469

A 5% weakening of the Renminbi against the US dollar and HK dollar at 30 June 2015 would have had the equal but opposite effect on them to the amounts shown above, on the basis that all other variables remained constant.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date. The analysis excludes differences that would result from the translation of the financial statements denominated in foreign currency. The analysis is performed on the same basis for the previous period.

(5) Other price risks

Other price risks include stock price risk and commodity price risk.

IX. Fair value disclosure

The following table presents the fair value information and the fair value hierarchy, at the end of the current reporting period, of the Group's assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

1 Fair value of assets and liabilities measured at fair value at the end of the period

As at 30 June 2015, the Group only has available-for-sale financial assets amounting to RMB41,000,000 which were measured at fair value under Level 2 (31 December 2014: RMB10,000,000).

The following table presents the carrying value of financial instruments measured at fair value as at 30 June 2015 and 31 December 2014. The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2015 and 31 December 2014.

Asset	Note	**30 June 2015**	31 December 2014
Available-for-sale financial assets	V.7	**41,000,000**	10,000,000

2 Reasons for transfers between different levels, and the policy of determining the timing of those transfers for items under the recurring fair value measurements

During the six months ended 30 June 2015, there were no transfers between different levels of the Group's above assets and liabilities which are measured at fair value on a recurring basis. The Group recognises transfers between different levels at the end of the current reporting period during which such transfers are made.

3 Current changes in valuation techniques and the reasons

During the six months ended 30 June 2015, there were no changes in valuation techniques for the recurring and non-recurring fair value measurements.

X. Related parties and related party transactions

1 Information on subsidiaries of the Company

Details of the subsidiaries of the Company are set out in Note VII.1.

2 Information on joint venture of the Company

For information about the joint ventures of the Company, refer to Note VII.2.

3 Information on other related parties

Name of other related parties	Related party relationship
Shandong Andre Group Co., Ltd.	An entity which has significant influence over the Group (i)
President Enterprises (China) Investment Co., Ltd.	An entity which has significant influence over the Group (i)
Chengdu President Enterprises Food Co., Ltd.	An entity which holds more than 5% shares of the Group
Guangzhou President Enterprises Co., Ltd.	An entity which holds more than 5% shares of the Group
China Pingan Investment Holdings Limited	An entity which holds more than 5% shares of the Group
Donghua Fruit Industry Co., Ltd.	An entity which holds more than 5% shares of the Group
Yantai Andre Yangma Resort Co., Ltd.	A subsidiary of Shandong Andre Group Co., Ltd.
Yantai Andre Real Estate Development Co., Ltd.	A subsidiary of Shandong Andre Group Co., Ltd.
Yantai Andre Micro-Credit Co., Ltd.	A subsidiary of Shandong Andre Group Co., Ltd.
Yantai Andre Pectin Co., Ltd.	A subsidiary of Shandong Andre Group Co., Ltd.
Yantai Xinping Jian'an Co., Ltd.	An entity which was controlled by chairman and his relative
Yantai Andre Art Gallery	An entity which was controlled by chairman
Yantai Andre Painting Gallery	An entity which was controlled by chairman

(i) Shandong Andre Group Co., Ltd. and President Enterprises (China) Investment Co., Ltd. exercised their significant influence over the Company through their representation on the board of directors of the Company.

X. Related parties and related party transactions (continued)

4 Transactions with related parties

During the six months ended 30 June 2015, the Group entered into transactions with related parties as set out as follows. Some of these related party transactions constituted connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

(1) Related party transactions

		For the six months ended 30 June			
		The Group		The Company	
	Note	**2015**	2014	**2015**	2014
Sales of goods		**68,025,993**	52,234,348	**25,280,711**	13,796,297
Purchases of goods		**18,283**	–	**–**	–
Purchases of maintenance services		**89,733**	–	**89,733**	–
Storage charge income	(i)	**1,968,118**	–	**–**	–
Operating lease charges	(ii)	**124,468**	124,468	**124,468**	124,468

(i) Storage charge income represents the storage charge received by the Xuzhou Andre Juice Co., Ltd., which President Enterprises (China) Investment Co., Ltd. temporarily uses its warehouses.

(ii) Operating lease charges represent the rental paid by the Company to Yantai Andre Pectin Co., Ltd. for leasing its office buildings.

(2) Remuneration of key management personnel

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Group's directors. Remuneration for key management personnel of the Group is as follows:

The Group

	For the six months ended 30 June	
	2015	2014
Remuneration of key management personnel	**1,231,827**	1,074,325

The Company

	For the six months ended 30 June	
	2015	2014
Remuneration of key management personnel	**790,154**	693,871

For the six months ended 30 June 2015 and 2014, no emoluments were paid to the directors or supervisors as an inducement to join or upon joining the Company or as compensation for loss of office. For the six months ended 30 June 2015 and 2014, no fees or any other emoluments were waived by directors or supervisors.

X. Related parties and related party transactions (continued)

5 Receivables from and payables to related parties

	The Group		The Company	
	30 June 2015	31 December 2014	**30 June 2015**	31 December 2014
Accounts receivable	**57,673,525**	31,517,680	**21,213,844**	12,104,464
Other receivables	**21,391**	–	**–**	–
Accounts payable	**63,654**	–	**63,654**	–
Other payables	**124,468**	7,859,697	**124,468**	132,889

6 Guarantee

(1) The company as a guarantor

	For the six months ended 30 June			
	2015		2014	
Name of guarantee	**Amount of guaranty**	**Guaranty completed (Y/N)**	Amount of guaranty	Guaranty completed (Y/N)
Xuzhou Andre Juice Co., Ltd.	**–**	**N/A**	50,000,000	Y

(2) The group as a guarantee

	For the six months ended 30 June			
	2015		2014	
Name of guarantor	**Amount of guaranty**	**Guaranty completed (Y/N)**	Amount of guaranty	Guaranty completed (Y/N)
Shandong Andre Group Co., Ltd.	**332,188,320**	**N**	237,500,000	N
Shandong Andre Group Co., Ltd.	**287,500,000**	**Y**	759,141,600	Y
Total	**619,688,320**		996,641,600	

(3) The company as a guarantee

	For the six months ended 30 June			
	2015		2014	
Name of guarantor	**Amount of guaranty**	**Guaranty completed (Y/N)**	Amount of guaranty	Guaranty completed (Y/N)
Shandong Andre Group Co., Ltd.	**332,188,320**	**N**	237,500,000	N
Shandong Andre Group Co., Ltd.	**287,500,000**	**Y**	759,141,600	Y
Total	**619,688,320**		996,641,600	

XI. Capital management

The Group's primary objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group defines "capital" as including all components of equity plus any loans from related parties with no fixed terms of repayment, less unaccrued proposed dividends. The balances of related party transactions are not regarded by the Group as capital.

The Group's capital structure is regularly reviewed and managed to achieve an optimal structure and return for shareholders. Factors for the Group's consideration include: its future funding requirements, capital efficiency, actual and expected profitability, expected cash flows, and expected capital expenditure, etc. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group.

The Group's capital structure is monitored on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes short-term) plus unaccrued proposed dividends, less related-party loans with no fixed repayment terms and cash and cash equivalents.

During the six months ended 30 June 2015, the Group's strategy, which was unchanged from 2014, was to maintain an adjusted net debt-to-capital ratio of no more than 30%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, request new loans, issue new shares, or sell assets to reduce debt.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

XII. Commitments and Contingencies

1 Significant commitments

(1) Capital commitments

	30 June 2015	31 December 2014
Contracts for acquisition of fixed assets being or to be executed	**368,546**	–

(2) Operating lease commitments

As at 30 June 2015 and 31 December 2014, the Group and the Company had no non-cancellable operating leases.

XII. Commitments and Contingencies (continued)

2 Contingent liabilities arising from outstanding litigations and arbitration and related financial effect

As at 30 June 2015 and 31 December 2014, the Group did not have contingent liabilities arising from outstanding litigations and arbitration.

3 Contingent liabilities arising from guarantees provided for other enterprises and related financial effect

As at 30 June 2015 and 31 December 2014, the Group did not provide guarantees in respect of the bank loans of other company.

XIII. Post balance sheet date events

Material non-adjusting post balance sheet date events

On 5 August 2015, Baishui Andre Juice Co., Ltd., a subsidiary of the Group, entered into an equity transfer the agreement with a third party for the acquisition of the 100% equity interests in Liquan Yitong Juice Co., Ltd., ("Liquan Yitong") for an aggregate consideration of RMB120,000,000. Upon the completion of the acquisition, Liquan Yitong will become the subsidiary of the Group. Liquan Yitong is located in Liquan county, Shaanxi Province, China and is principally engaged in the production and sales of condensed juice.

XIV. Other significant items

1 Segment reporting

The Group is principally operating in a single reportable segment, which is engaged in manufacture and sales of condensed fruit juice and related products, therefore the Group has not disclose any further information with respect to reportable segment.

The geographical location of the Group's operating income from external customers is set out as follows:

	For the six months ended 30 June	
	2015	2014
China	**160,788,219**	143,122,162
North America	**64,898,751**	161,855,019
Asia (excluding China)	**90,837,394**	53,849,339
Europe	**41,372,774**	32,767,686
Oceania	**31,507,802**	36,267,862
Africa	**12,107,064**	6,051,730
Total	**401,512,004**	433,913,798

XIV. Other significant items (continued)

1 Segment reporting (continued)

As at 30 June 2015, the carrying amount of non-current assets located overseas is RMB334,966 (at 31 December 2014: RMB336,669).

During the six months ended 30 June 2015, the Group has one customer (During the six months ended 30 June 2014: one customer), the operating income from which is over 10% of the Group's total operating income. The operating income from the customer represents approximately 17% of the Group's total operating income (During the six months ended 30 June 2014: 11%), which is summarised in the table below:

	For the six months ended 30 June			
	2015		2014	
Customers	**Segment name**	**Amount**	Segment name	Amount
Customer 1	**Asia (excluding China)**	**68,185,158**	Asia (excluding China)	47,471,416

XV. Notes to major items in the parent company's financial statements

1 Accounts receivable

(1) Accounts receivable by customer type:

Type	**30 June 2015**	31 December 2014
Third parties	**76,203,650**	88,484,312
Subsidiaries	**26,743,210**	14,951,604
Other related parties	**21,213,844**	12,104,464
Sub-total	**124,160,704**	115,540,380
Less: Provision for bad and doubtful debts	**–**	–
Total	**124,160,704**	115,540,380

(2) The ageing analysis of accounts receivable is as follows:

Ageing	**30 June 2015**	31 December 2014
Within 6 months (inclusive)	**124,140,491**	115,540,380
Over 6 months but within 1 year (inclusive)	**20,213**	–
Sub-total	**124,160,704**	115,540,380
Less: Provision for bad and doubtful debts	**–**	–
Total	**124,160,704**	115,540,380

The ageing is counted starting from the date when accounts receivable are recognised.

XV. Notes to major items in the parent company's financial statements (continued)

1 Accounts receivable (continued)

(3) Accounts receivable of the Company are individually significant, therefore the accounts receivable are assessed for impairment and bad debt provision is determined on an individual basis and, then, on a collective group basis. Management is of the view that no bad debt provision is necessary for the accounts receivable balances in regard of the sound credit record of the customers.

(4) During the six months ended 30 June 2015 and 30 June 2014, the Company had no individually significant reverse or recovery of bad debts provision which had been fully or substantially provided for in prior years.

2 Other receivables

(1) Other receivables by customer type:

Type	30 June 2015	31 December 2014
Subsidiaries	324,355,509	393,945,310
Third parties	4,247,394	4,075,203
Sub-total	328,602,903	398,020,513
Less: Provision for bad and doubtful debts	3,987,685	3,987,685
Total	324,615,218	394,032,828

(2) The ageing analysis of other receivables is as follows:

Ageing	30 June 2015	31 December 2014
Within 1 year (inclusive)	324,615,218	394,032,828
Over 1 year but within 2 years (inclusive)	–	–
Over 2 years but within 3 years (inclusive)	–	–
Over 3 years	3,987,685	3,987,685
Sub-total	328,602,903	398,020,513
Less: Provision for bad and doubtful debts	3,987,685	3,987,685
Total	324,615,218	394,032,828

The ageing is counted starting from the date when other receivables are recognised.

(3) As at 30 June 2015 and 30 December 2014, the Company did not hold any other receivables which were denominated in foreign currency.

(4) During the six months ended 30 June 2015 and 30 June 2014, the Company had no individually significant reverse or recovery of bad debts provision which had been fully or substantially provided for in prior years.

XV. Notes to major items in the parent company's financial statements (continued)

3 Long-term equity investments

(1) Long-term equity investments by category:

Item	30 June 2015	31 December 2014
Investments in subsidiaries	**573,355,647**	573,355,647
Investments in a joint venture	**20,467,159**	19,476,107
Sub-total	**593,822,806**	592,831,754
Less: Provision for impairment	**–**	–
Total	**593,822,806**	592,831,754

(2) Movements of long-term equity investments for the period are as follows:

Investee	Book value of long-term equity investment: Investment cost	At 1 January 2015	Increase/ Decrease	At 30 June 2015	Shareholding percentage (%)	Voting rights percentage (%)	Cash dividend for the period
Cost method – subsidiaries							
Baishui Andre Juice Co., Ltd.	110,630,130	110,630,130	–	110,630,130	75%	75%	–
Yantai Longkou Andre Juice Co., Ltd.	80,622,696	80,622,696	–	80,622,696	75%	75%	–
Xuzhou Andre Juice Co., Ltd.	58,645,418	58,645,418	–	58,645,418	75%	75%	–
Andre Juice Co., Ltd.	8	8	–	8	100%	100%	–
Dalian Andre Juice Co., Ltd.	56,000,000	56,000,000	–	56,000,000	75%	75%	–
Binzhou Andre Juice Co., Ltd.	107,893,488	107,893,488	–	107,893,488	75%	75%	–
Yantai Andre Juice Co., Ltd.	30,000,000	30,000,000	–	30,000,000	75%	75%	–
Yongji Andre Juice Co., Ltd.	77,443,907	77,443,907	–	77,443,907	75%	75%	–
Anyue Andre Lemon Industry Technology Co., Ltd.	52,120,000	52,120,000	–	52,120,000	100%	100%	–
Sub-total	573,355,647	573,355,647	–	573,355,647			–
Equity method – joint venture							
Yantai Tongli Beverage Industries Co., Ltd.	25,000,026	19,476,107	991,052	20,467,159	25%	25%	–
Sub-total	25,000,026	19,476,107	991,052	20,467,159			–
Total	598,355,673	592,831,754	991,052	593,822,806			–

The detail of the Company's subsidiaries is set out in Note VII.1.

XV. **Notes to major items in the parent company's financial statements (continued)**

3 **Long-term equity investments (continued)**

(3) Details of the joint venture

Name of Investee	Total assets at 30 June 2015	Total liabilities at 30 June 2015	Net assets at 30 June 2015	Income for six months ended 30 June 2015	Net profit for six months ended 30 June 2015
Yantai Tongli Beverage Industries Co., Ltd.	**132,462,166**	**20,973,793**	**111,488,373**	**62,137,071**	**3,964,211**

Name of Investee	Total assets At 31 December 2014	Total liabilities at 31 December 2014	Net assets at 31 December 2014	Total operating income for six months ended 30 June 2014	Net profit for six months ended 30 June 2014
Yantai Tongli Beverage Industries Co., Ltd.	112,241,505	4,717,343	107,524,162	80,394,509	6,533,874

4 **Operating income and operating costs**

	For the six months ended 30 June			
	2015		2014	
Item	**Income**	**Cost**	Income	Cost
Principal activities	**272,936,915**	**244,354,181**	310,182,233	261,747,196
Other businesses	**4,360,373**	**3,702,570**	2,692,990	2,608,508
Total	**277,297,288**	**248,056,751**	312,875,223	264,355,704

Turnover primarily represents income arising from the sales of condensed juice net of value added tax.

Other operating income primarily represents income arising from the sales of packaging materials and so on.

5 **Investment income**

Details of investment income

	For the six months ended 30 June	
Item	**2015**	2014
Income from long-term equity investments accounted for using equity method	**991,052**	1,633,468
Investment income from disposal of financial assets	**687,106**	295,515
Total	**1,678,158**	1,928,983

XVI Comparative Figure

Certain items in the comparative figures have been reclassified to conform to the current period's presentation to facilitate comparison.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 30 June 2015, the Group's turnover was approximately RMB401,512,000 as compared to approximately RMB433,914,000 for the corresponding period in 2014, representing a decrease of approximately RMB32,402,000 or 7.50%. The Group's turnover was principally derived from the manufacture and sale of apple juice concentrate, pear juice concentrate, apple essence, feedstuff and related products. The decrease in turnover was mainly attributable to the decrease in selling price of the juice concentrate.

For the six months ended 30 June 2015, the Group's gross profit was approximately RMB90,434,000 and the gross profit margin was approximately 23%. For the corresponding period in 2014, the gross profit was approximately RMB96,908,000 and gross profit margin was approximately 22%. The decrease in gross profit was mainly attributable to the decrease in the international selling price of juice concentrate in the period ended 30 June 2015.

For the six months ended 30 June 2015, the Group's net profit (i.e. the profit for the period attributable to equity shareholders of the Company) was approximately RMB38,043,000, as compared to approximately RMB34,750,000 for the corresponding period in 2014, representing an increase of approximately RMB3,293,000 or 9.50%. The increase in net profit was mainly attributable to the decrease in finance and distribution costs.

For the six months ended 30 June 2015, the Group incurred distribution expenses of approximately RMB21,367,000, as compared to approximately RMB24,507,000 for the corresponding period in 2014, representing a decrease of approximately RMB3,140,000. The Group's distribution expenses mainly included transport, export inspection and marketing expenses. Such decrease was mainly attributable to the decrease in marine transportation costs.

For the six months ended 30 June 2015, the Group incurred administrative expenses of approximately RMB18,333,000 as compared to approximately RMB16,839,000 for the corresponding period in 2014, representing an increase of approximately RMB1,494,000. Such increase was attributable to the acquisition of a new subsidiary, Anyue Andre Lemon Industry Technology Co., Ltd. in April 2014.

For the six months ended 30 June 2015, the net finance costs of the Group were approximately RMB11,956,000, as compared to approximately RMB21,340,000 for the corresponding period in 2014, representing a decrease of approximately RMB9,384,000. Such decrease was mainly due to the decrease in average loan balance and increase in exchange gain.

Business Review

Stabilising Market Coverage

During 2015, by adapting to the market demand and leveraging on its advanced production technology, superb product quality and comprehensive customer services, the Group maintained steady growth in markets sales. With years of continuous efforts, the Group has already expanded its sales network to major countries and regions in the world, including the US, Japan, Europe, Oceania and African countries and PRC market.

Optimisation of Customer Base

While expanding its market places and market share, the Group also leveraged on the prime quality of its products to optimise its profile of customer base continuously. Currently, the customer base of the Group mainly comprises renowned beverage manufacturers of the world.

Future Prospects

Market Expansion and Product Diversification

Currently the Group has established relatively stable market penetration and customers groups in major consumer markets of apple juice concentrate in the world, namely the US, European, Oceania, African countries and Japan. The Company will put more efforts in the development of various emerging markets, with a view to breaking through these markets. On the other hand, the Company has in recent years explored the market opportunities for its new products and niche products as well as the development of new customer groups. This will satisfy both the needs of the market and our customers, as well as fulfill our target of product mix expansion.

Further Exploitation of the Domestic Market

As the domestic consumer market for apple juice concentrate further expands, the Group will continue to maintain good business relationships with existing customers in the coming year while actively exploring new customers through our prime product quality and comprehensive services, with a view to opening a new page in our domestic market sales.

Develop Financing Channels

The Group will closely monitor the trend of Renminbi exchange rate against US dollar and adjust the proportion of Renminbi and US dollar loans. The Group will continue to actively engage in cooperation with domestic and international financial institutions to diversify its financing channels and increase the variety of financing products, in order to reduce the Group's exchange rate risk and finance cost, improve capital structure and facilitate better business development.

ACQUISITION OF LIQUAN YITONG

On 5 August 2015, Baishui Andre Juice Co., Ltd. ("Baishui Andre"), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Yantai Yitong Thermoelectricity Co., Ltd. ("Yantai Yitong") and Yantai Anlin Fruit Processing Co., Ltd. ("Yantai Anlin"), pursuant to which Baishui Andre has conditionally agreed to acquire and Yantai Yitong and Yantai Anlin have conditionally agreed to sell the entire equity interest in Liquan Yitong Juice Co., Ltd. ("Liquan Yitong") at a consideration of RMB120,000,000 (equivalent to approximately HK$151,898,734). Upon completion of the equity transfer agreement, Liquan Yitong will become a wholly-owned subsidiary of the Company.

Liquan is the largest county of fruit in the PRC in terms of the volume of fruit production and it has plenty of fruit supply. The Board believes that the transaction will increase the returns to the shareholders of the Company and achieve better social benefits.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2015, the Group had a total of 731 employees and the total employee remuneration for the six months ended 30 June 2015 was approximately RMB15,236,000. The Group's employment and remuneration policies remained unchanged with those described in the prospectus of the Company dated 11 April 2003. The salaries and benefits of the employees of the Group were kept at a competitive level and employees were rewarded on a performance related basis with general framework of the Group's salary and bonus system which is reviewed annually. A wide range of benefits, including statutory compulsory welfare plans, were also provided to employees.

DIVIDEND

The Board proposed a final dividend of RMB0.05 per share for the year ended 31 December 2014. The proposal to declare and pay this final dividend was passed at the annual general meeting of the Company held on 26 May 2015.

The Board proposed not to distribute interim dividend for the period ended 30 June 2015.

SIGNIFICANT INVESTMENT

Except as disclosed in Note V.7 to the Interim Result section, no significant investment was made by the Group during the six months ended 30 June 2015.

MATERIAL ACQUISITION AND DISPOSAL

No material acquisitions or disposals of subsidiaries and associated companies have been made by the Company during the six months ended 30 June 2015.

CONTINGENT LIABILITIES

The Directors were not aware of any material contingent liability as at 30 June 2015.

CHARGE OF ASSETS

Except as disclosed in Note V.15 to the Interim Result section, the Group has no assets charged as at 30 June 2015.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally financed its operations and investing activities with internally generated financial resources and loans from banks. As at 30 June 2015, the Group had outstanding bank loans amounted to approximately RMB611,653,000, of which RMB372,000,000 was borrowed at interest rates ranging from 4.92% to 6.16%, RMB144,893,000 was borrowed at interest rates ranging from 1.93% to 4.50%, and RMB94,760,000 was borrowed at floating interest rate ranging from LIBOR +2.00% to 3.50%.

As at 30 June 2015, the Group had a net cash and cash equivalent position of approximately RMB508,689,000. The Group's gearing ratio at 30 June 2015 was approximately 33% (30 June 2014: approximately 37%) which was calculated based on the Group's total liabilities of approximately RMB738,113,000 (30 June 2014: approximately RMB916,923,000) and total equity and liabilities of approximately RMB2,265,631,000 (30 June 2014: approximately RMB2,459,463,000). The Directors considered that the Group had sufficient financial resources to meet its ongoing operation requirements.

FOREIGN EXCHANGE EXPOSURE

The operating revenue of the Group is substantially denominated in US dollars. It is the practice of the Group to convert its operating revenue denominated in US dollars to RMB for financing its operating expenses and capital requirements. However, the results of operations and the financial position of the Group may be affected by any changes in the exchange rates.

On the other hand, the conversion of RMB denominated balances into foreign currencies is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

PURCHASE, SALE OR REDEMPTION OF SHARES

As at 30 June 2015, the Company repurchased a total of 11,600,000 H shares with par value of HK$1.00 each on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at prices ranging from HK$3.07 to HK$3.51 per H share, for a total consideration of HK$39,174,060.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2015, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); and (b) required to be recorded in the register kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the directors of the Company as referred to in Appendix 10 of the Listing Rules were as follows:

Long positions in the shares of the Company

Name of Directors	Class of Shares	Number of shares held	Capacity	Type of Interest	Approximate percentage of Domestic Shares/ H Shares	Approximate percentage of total share capital
Wang An *(Note 1)*	Domestic Shares	121,010,501 (L)	Interest of controlled corporations *(Note 2)*	Personal	48.30% (L)	31.76% (L)
Liu Tsung-Yi	H Shares	195,400 (L)	Beneficial owner	Personal	0.15% (L)	0.05% (L)

Notes:

The letter "L" denotes a long position.

(1) As at 30 June 2015, Mr. Wang An, a Director, controlled (a) 90% interest in China Pingan Investment Holdings Limited, which held 46,351,961 Domestic Shares, representing approximately 12.17% interests in the total issued share capital of the Company; (b) 90% interest in Shandong Andre Group Co., Ltd.*（山東安德利集團有限公司）, which held 74,658,540 Domestic Shares, representing approximately 19.59% interest in the total issued share capital of the Company.

(2) Mr. Wang An was deemed to be interested in these Domestic Shares through his interests in China Pingan Investment Holdings Limited and Shandong Andre Group Co., Ltd.*（山東安德利集團有限公司）.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2015, so far as the Directors are aware, the following persons (other than the Directors, Supervisors and chief executive of the Company) had interests and short positions in the shares, underlying shares and debentures of the Company which were discloseable under Divisions 2 and 3 of Part XV of the SFO and recorded in the register kept by the Company pursuant to section 336 of the SFO:

Long positions in the shares of the Company

Name of Shareholders	Class of shares	Number of shares held	Capacity	Type of Interest	Approximate percentage of Domestic Shares/ H Shares	Approximate percentage of total share capital
China Pingan Investment Holdings Limited	Domestic Shares	46,351,961 (L) *(Note 1)*	Beneficial owner	Corporate	18.50% (L)	12.17% (L)
Shandong Andre Group Co., Ltd.* （山東安德利集團有限公司）	Domestic Shares	74,658,540 (L) *(Note 2)*	Beneficial owner	Corporate	29.80% (L)	19.59% (L)
Donghua Fruit Industry Co., Ltd.	Domestic Shares	65,779,459 (L) *(Note 3)*	Beneficial owner	Corporate	26.26% (L)	17.26% (L)
Uni-President Enterprises Corp. 統一企業股份有限公司	Domestic Shares	63,746,040 (L) *(Note 4)*	Interests of controlled corporations *(Note 5)*	Corporate	25.44% (L)	16.73% (L)
	H Shares	237,000 (L)	Beneficial owner *(Note 6)*	Corporate	0.18% (L)	0.06% (L)

Name of Shareholders	Class of shares	Number of shares held	Capacity	Type of Interest	Approximate percentage of Domestic Shares/ H Shares	Approximate percentage of total share capital
Norges Bank	H Shares	12,390,500 (L)	Beneficial owner	Corporate	9.50% (L)	3.25% (L)
Mitsui & Co., Ltd. 三井物產株式會社	H Shares	21,340,000 (L) *(Note 7)*	Beneficial owner	Corporate	16.36% (L)	5.60% (L)
Hongan International Investment Co. Ltd. 弘安國際投資有限公司	Domestic Shares	65,779,459 (L)	Interest of controlled corporations	Corporate	26.26% (L)	17.26% (L)
	H Shares	34,771,380 (L)	Beneficial owner	Corporate	26.65% (L)	9.13% (L)
Zhang Shaoxia 張紹霞	Domestic Shares	121,010,501 (L)	Interest of spouse *(Note 8)*	Personal	48.30% (L)	31.76% (L)
Wang Meng 王萌	Domestic Shares	65,779,459 (L)	Interest of controlled corporations *(Note 9)*	Personal	26.26% (L)	17.26% (L)
	H Shares	34,771,380 (L)	Interest of controlled corporations *(Note 10)*	Personal	26.65% (L)	9.13% (L)

Notes:

The letter “L” denotes a long position. The letter “P” denotes interests in a lending pool.

(1) Mr. Wang An, a Director, was deemed to be interested in these Domestic Shares through his 90% interest in China Pingan Investment Holdings Limited.

(2) Mr. Wang An, a Director, was deemed to be interested in these Domestic Shares through his 90% interest in Shandong Andre Group Co., Ltd.* (山東安德利集團有限公司).

(3) The long position in 65,779,459 Domestic Shares was directly held by Donghua Fruit Industry Co., Ltd.. Based on the information provided by Donghua Fruit Industry Co., Ltd., Hongan International Investment Co, Ltd. and Ms. Wang Meng were deemed to be interested in these 65,779,459 Domestic Shares.

(4) The long position in 63,746,040 Domestic Shares was held by Uni-President China Holdings Ltd., a non wholly-owned subsidiary of Uni-President Enterprises Corp. (統一企業股份有限公司), through its two wholly-owned subsidiaries, namely, Chengdu President Enterprises Food Co., Ltd. (成都統一企業食品有限公司), which held 42,418,360 Domestic Shares, and Guangzhou President Enterprises Co., Ltd. (廣州統一企業有限公司), which held 21,327,680 Domestic Shares.

(5) Pursuant to Part XV of the SFO, Uni-President Enterprises Corp. (統一企業股份有限公司) was deemed to be interested in such 63,746,040 Domestic Shares. The 63,746,040 Domestic Shares were held by a series of controlled corporations of Uni-President Enterprises Corp. (統一企業股份有限公司), of which 42,418,360 Domestic Shares, representing approximately 11.13% of the total issued share capital of the Company, were held directly by Chengdu President Enterprises Food Co., Ltd. (成都統一企業食品有限公司) and 21,327,680 Domestic Shares, representing approximately 5.60% of the total issued share capital of the Company, were held directly by Guangzhou President Enterprises Co., Ltd. (廣州統一企業有限公司).

(6) These H Shares are beneficially held by Uni-President China Holdings Ltd..

(7) After the capitalization issue of shares by the Company in 2007, the number of H Shares held by Mitsui & Co., Ltd. was adjusted from 97,000,000 H shares to 213,400,000 H shares. Upon the share consolidation of the Company in January 2013, the number of H Shares held by Mitsui & Co., Ltd was further adjusted to 21,340,000 H Shares.

(8) 121,010,501 Domestic Shares were held by Mr. Wang An, the husband of Ms. Zhang Shaoxia, therefore Ms. Zhang Shaoxia was deemed to be interested in these shares.

(9) Ms. Wang Meng indirectly held 100% of the issued share capital of Donghua Fruit Industry Co., Ltd., which in turn held 65,779,459 Domestic Shares. Therefore Ms. Wang Meng was deemed to be interested in these shares.

(10) Ms. Wang Meng directly held the entire issued share capital of Hongan International Investment Co., Ltd., which in turn held 34,771,380 H Shares. Therefore, Ms. Wang Meng was deemed to be interested in these shares.

COMPETING INTERESTS

As at 30 June 2015, none of the Directors, the management shareholders of the Company and their respective associates (as defined under the Listing Rules) had any interest in a business which competes or may compete with the businesses of the Group or has or may have any other conflicts of the interest with the Group.

CORPORATE GOVERNANCE PRACTICES

The articles of association, terms of reference of audit and review committee and terms of reference of supervisory committee of the Company form the framework for the code of corporate governance practices of the Company.

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") contained in the Listing Rules throughout the reporting period except for the following:

According to Code A.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its Directors. The Company is negotiating with the relevant insurance agents about the liability insurance for the Directors and will arrange such insurance cover in due course.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Appendix 10 of the Listing Rules (the "Required Standard") as the Company's code of conduct regarding securities transactions by its Directors. A copy of the Required Standard has been sent to each Director one month before the date of the Board meeting to approve the Company's 2015 interim results, with a reminder that the Director could not deal in the securities and derivatives of the Company until after such results have been published.

Under the Required Standard, the Directors are required to notify the chairman of the Company and receive a dated acknowledgement in writing before dealing in the securities and derivatives of the Company and, in the case of the chairman of the Company himself, he must notify the chairman of the audit committee and receive a dated acknowledgement in writing before any dealing.

All Directors, upon specific enquiries, have confirmed that they have complied with the Required Standard during the six-month period ended 30 June 2015.

Specific employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with the Required Standard. No incident of non-compliance was noted by the Company for the six-month period ended 30 June 2015.

AUDIT AND REVIEW COMMITTEE

The Company has established an audit and review committee with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants. The primary duties of the audit and review committee are to review and provide supervision over the financial reporting process and internal control of the Group. All of its members are independent non-executive Directors (namely Mr. Gong Fan, Mr. Chow Kam Hung and Mr. Li Tong Ning) and its current chairman, Mr. Gong Fan, is an independent non-executive Director.

The audit and review committee has reviewed the accounting principles and practices adopted by the Group and discussed with the Directors about internal controls and financial reporting matters including a review of the interim results for the six months ended 30 June 2015.

By order of the Board
Yantai North Andre Juice Co., Ltd.*
Wang An
Chairman

Yantai, the PRC, 26 August 2015

As at the date hereof, the Board comprises:

Mr. Wang An *(Executive Director)*
Mr. Zhang Hui *(Executive Director)*
Mr. Wang Yan Hui *(Executive Director)*
Mr. Liu Tsung-Yi *(Non-executive Director)*
Mr. Gong Fan *(Independent non-executive Director)*
Mr. Chow Kam Hung *(Independent non-executive Director)*
Mr. Li Tong Ning *(Independent non-executive Director)*