CHINA HUIYUAN JUICE GROUP LIMITED
中 國 滙 源 果 汁 集 團 有 限 公 司 *

(Incorporated in the Cayman Islands with Limited Liability)
(Stock Code: 1886)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

HIGHLIGHTS

- **Key financial figures**

	For the year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Revenue	**3,980,766**	3,825,596
Gross profit	**1,115,158**	964,311
Profit attributable to equity holders	**16,159**	310,495
Adjusted profit attributable to equity holders *(Note)*	**101,867**	36,901
EBITDA	**604,869**	345,866
Earnings per share *(RMB cents)*		
— Basic	**1.1**	21.0
— Diluted	**1.1**	2.2
Proposed final dividend per share *(RMB cents)*	**—**	—

Note: The adjusted profit attributable to equity holders excludes interest expense on the Convertible Bonds, change in fair value of conversion rights of the Convertible Bonds, exchange gain relating to the Convertible Bonds and amortization of employee share option scheme.

- For the year ended 31 December 2012, the Group recorded a revenue of RMB3,980.8 million. Gross profit reached RMB1,115.2 million. Overall gross profit margin increased from 25.2% in 2011 to 28.0% in 2012. Profit attributable to equity holders was RMB16.2 million as compared with RMB310.5 million in 2011. The adjusted profit attributable to equity holders was RMB101.9 million as compared with RMB36.9 million in 2011.

- According to Nielsen, the Group had a 54.2% and 44.1% share of the PRC market by sales volume in terms of 100% juice and nectars for 2012, respectively, maintaining its leading position in the respective markets.

In this announcement "we", "us" and "our" refer to China Huiyuan Juice Group Limited (the "Company") and where the context otherwise requires, the Company and its subsidiaries (collectively, the "Group", "Huiyuan" or "Huiyuan Juice").

BUSINESS REVIEW FOR YEAR 2012

For the year ended 31 December 2012, the Group recorded revenues of RMB3,980.8 million, representing an increase of 4.1% as compared to 2011. Gross profit reached RMB1,115.2 million. Overall gross profit margin increased from 25.2% in 2011 to 28.0% in 2012. Profit attributable to equity holders was RMB16.2 million as compared with RMB310.5 million in 2011. The adjusted profit attributable to equity holders was RMB101.9 million as compared with RMB36.9 million in 2011. The board of directors of the Company (the "Board") did not recommend any final dividend payment for the year.

The Company's results in 2012 fully reflect the challenging operating environment we faced, with slowing economic growth, increased consumer awareness of food safety issues, and keen market competition. Huiyuan has benefitted from its long established position as the most trusted, nationally recognized brand name in the juice industry in China. Our 100% juices and nectars have retained leadership in their respective markets for the past six consecutive years. This year has been no different. According to Nielsen, the Group commanded a 54.2% share in China's 100% juice sector and a 44.1% share in the nectar sector in terms of sales volume. We remain committed to providing the highest quality product to all of the Group's customers.

As consumers' awareness of food safety issues grows, we believe there is significant room to educate consumers about the health and wellness benefits of juice and vegetable drinks. We continue to invest in this effort. Our investment in grass-root promotions, our in-store profile, and in sponsored television events and advertising campaigns as well as online promotions have all centered around this theme. We believe this will yield long-term benefits for the Company.

In 2012, we continued to refine our business and expand our nationwide production and distribution network. Currently, the Group has 43 advanced production plants in China. Our nationwide network of distributors, direct sales branches, and sales representatives work to further our penetration into our target markets.

2012 marked the 20th anniversary of the founding of Huiyuan Juice. While we are proud to have reached this historic milestone, we humbly recognize that this is an achievement that belongs to all of our stakeholders. The significant and collective contributions of our employees and their families, our shareholders, partners, and our customers are the driving force behind our success. We thank them for their immeasurable support over the years.

In 2012, we won numerous awards including "Leading Company in China Juice Beverage Industry", "First Choice of Juice Brand for Consumers in China", "China's Top 100 Green Companies of 2012", "2012 Annual Influential Group in Beverage Industry", "Platinum Award in Reader's Digest Trusted Brand", "China Food Health Seven Star Award", "Official Strategic Partner of China Lunar Exploration Program", "Hua Pu China Brand Award 2012". Additionally, as the only authorized supplier of fruit juice beverage products for the China Lunar Exploration Program and Deep Space Exploration Program, the Company celebrated the successful space mission of "Shenzhou 9" and the safe return of its astronauts.

We are proud of the recognition we have received from the market for our products and our brand but in the end, what we value most is the trust of our customers.

MARKET REVIEW FOR YEAR 2012

China recorded GDP growth of 7.8% in 2012, a decrease from 9.2% compared to the previous year. While GDP growth declined, inflation pressures have eased. In 2012 China recorded an decrease in the Producer Price Index (PPI) and an increase in the Consumer Price Index (CPI) of 1.7% and 2.6%, respectively. Inflation for foodstuffs recorded an increase of 4.8%. Towards the end of 2012 China's economy also showed signs of improvement as the new governments' easing policy measures to stimulate growth.

Chinese consumers remain focused on food safety related issues. The overall juice beverage market has been adversely affected in the short run, impacting the growth of the overall market. However, we believe consumer focus on food safety and health and nutrition will have long term benefits for the industry, particularly in the mid-to-high end juice segments as consumers trade up to higher quality and nutritious beverages. The secular trends of increase in urban population and growth in disposable income also help to drive consumer demand for natural and healthy beverage products including fruit and vegetable juices as a whole.

Competition in the market remains keen with large well funded domestic and international players all vying for market share. Our overall market position, particularly in the 100% juice and nectar markets remains strong, backed by our long history in China and the strength of our brand.

In this environment, sales of fruit and vegetable juices in China increased by 9.8% in sales volume from 3.9 billion liters in 2011 according to Nielsen. According to Nielsen, Huiyuan remains the market leader in terms of market share in 100% juice and nectars in China.

The directors (the "Directors") of the Company are pleased to present the audited consolidated results of the Group for the year ended 31 December 2012, along with the comparative figures of 2011, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year ended 31 December 2012

		Year ended 31 December	
		2012	2011
	Note	***RMB'000***	*RMB'000*
Revenue	*4*	**3,980,766**	3,825,596
Cost of sales	*6*	**(2,865,608)**	(2,861,285)
Gross profit		**1,115,158**	964,311
Selling and marketing expenses	*6*	**(980,561)**	(933,871)
Administrative expenses	*6*	**(277,752)**	(274,344)
Other income — net	*5*	**280,362**	256,460
Other gain		**70,430**	—
Finance costs	*7*	**(230,555)**	(110,120)
Finance income	*8*	**14,753**	112,954
Unrealised gain from change of fair value of Convertible Bonds	*14*	**10,742**	340,603
Share of loss of associates		**(1,055)**	(100)
Profit before income tax		**1,522**	355,893
Income tax credit/(expense)	*9*	**14,637**	(45,398)
Profit for the year		**16,159**	310,495
Other comprehensive income for the year		**—**	—
Total comprehensive income for the year		**16,159**	310,495
Attributable to:			
Equity holders of the Company		**16,159**	310,495
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in RMB cents per share)			
— basic	*10*	**1.1**	21.0
— diluted	*10*	**1.1**	2.2
Dividends	*11*	**—**	—

CONSOLIDATED BALANCE SHEET

As at 31 December 2012

		As at 31 December	
		2012	2011
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Land use rights		**746,261**	784,455
Property, plant & equipment		**6,025,704**	5,977,210
Intangible assets		**438,433**	457,780
Deferred income tax		**90,927**	70,132
Long-term prepayment		**84,634**	41,980
Investments in associates		**13,745**	9,900
Long-term receivable		**91,483**	3,437
Total non-current assets		**7,491,187**	7,344,894
Current assets			
Inventories		**1,605,213**	1,149,560
Trade and other receivables	*12*	**1,426,155**	1,166,446
Restricted cash		**115,769**	108,902
Cash and cash equivalents		**521,127**	276,572
Total current assets		**3,668,264**	2,701,480
Total assets		**11,159,451**	10,046,374
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**115**	115
Share premium		**3,776,401**	3,776,401
Other reserves		**248,410**	252,284
Retained earnings			
— Proposed final dividend	*11*	**—**	—
— Others		**1,261,308**	1,247,138
Total equity		**5,286,234**	5,275,938

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2012

		As at 31 December	
		2012	2011
	Note	***RMB'000***	*RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings	*13*	**1,175,398**	52,972
Deferred government grants		**103,927**	91,899
Convertible Bonds	*14*	**779,148**	725,328
Total non-current liabilities		**2,058,473**	870,199
Current liabilities			
Trade and other payables	*15*	**1,949,800**	1,342,555
Taxation payable		**6,818**	41,942
Deferred revenue		**50,569**	75,151
Borrowings	*13*	**1,807,557**	2,440,589
Total current liabilities		**3,814,744**	3,900,237
Total liabilities		**5,873,217**	4,770,436
Total equity and liabilities		**11,159,451**	10,046,374
Net current liabilities		**(146,480)**	(1,198,757)
Total assets less current liabilities		**7,344,707**	6,146,137

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2012

1. General information

China Huiyuan Juice Group Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the manufacturing and sales of juice beverages in the People's Republic of China (the "PRC").

The Company was incorporated in the Cayman Islands on 14 September 2006 as an exempted company with limited liability under the Company Law (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of registered office is Floor 4, Willow House, Cricket Square, P.O. BOX 2804, Grand Cayman KY1-1112, Cayman Islands.

Pursuant to a group reorganisation (the "Reorganisation") which included exchange of shares to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited, the Company acquired the entire issued share capital of Huiyuan Beijing Holdings Limited, Huiyuan Shanghai Holdings Limited and Huiyuan Chengdu Holdings Limited (the "BVI Companies"), the then holding companies of all other companies comprising the Group and consequently became the holding company of the Group. The Reorganisation was completed on 23 February 2007.

The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 23 February 2007. These consolidated financial statements were authorised for issue by the Board of Directors of the Company on 27 March 2013.

2. Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

As of 31 December 2012, the Group's current liabilities exceeded its current assets by RMB146,480,000. The Group has considered the current economic environment, its ability to generate net cash inflows from its future operating activities, its expected ability to renew short-term borrowings on their maturity dates, its unused bank facilities and other refinance capabilities. After consideration of these factors, the directors believe the Group has the ability to repay its borrowings or refinance them when they mature during the 12 months period from 31 December 2012. Therefore, these financial statements have been prepared on the going concern basis.

3. Summary of significant accounting policies

The accounting policies applied in the preparation of the consolidated financial statements are consistent with those of the consolidated financial statements for the year ended 31 December 2011, as set out in the annual report of the Group for year ended 31 December 2011, unless otherwise stated.

The following standards, amendments and interpretations are effective for the year beginning 1 January 2012 and relevant to the Group's operation.

- IAS/HKAS 12, 'Income taxes', requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS/HKAS 40 Investment Property. Hence this amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC/HK(SIC) 21, 'Income taxes — recovery of re-valued non-depreciable assets', would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS/HKAS 12 the remaining guidance previously contained in SIC/HK(SIC) 21, which is accordingly withdrawn. The clarification is effective for annual periods beginning on or after 1 January 2012. The clarification does not have any impact on the group's financial results for the year.

- IAS/HKAS 1, 'Financial statements presentation' regarding other comprehensive income, requires entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The clarification is effective for annual periods beginning on or after 1 January 2012. The clarification does not have any impact on the group's financial results for the year.

  Other than those above, the adoption the above revised standards and amendment to standards did not have any significant financial impact to the group.

4. Revenue and segment information

Management determines the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions. The executive directors assess revenue from a products perspective. The Group's expenses, assets, liabilities and capital expenditure are primarily attributable to the manufacture and sales of juice and other beverage products to external customers, which are considered as one segment. The Group's principal market is the PRC and its sales to overseas customers contributed to less than 10% of revenue. Also, less than 10% of the Group's total non-current assets are located outside the PRC. Accordingly, no geographical information is presented. Breakdown of the revenue by product category is as follows:

	2012	2011
	RMB'000	*RMB'000*
100% juice products	**1,108,029**	938,829
Nectars	**1,049,911**	1,304,259
Juice drinks	**851,881**	1,041,028
Other beverage products	**970,945**	541,480
	3,980,766	3,825,596

The Group made barter sales of approximately RMB29,252,000 (2011: RMB29,152,000) during the year in exchange for transportation vehicles, advertising services and etc.

5. Other income — net

	2012	2011
	RMB'000	*RMB'000*
Government subsidy income	**250,817**	200,532
Net income from sales of materials and scrap	**10,511**	46,229
Amortisation of deferred government grants	**3,963**	3,389
Gain on disposals of property, plant and equipment	**2,039**	248
Donation	**—**	(515)
Net income from sales of trucks	**—**	—
Sales of trucks	**48,519**	8,550
Cost of trucks	**(48,519)**	(8,550)
Others	**13,032**	6,577
	280,362	256,460

6. Expenses by nature

	2012 *RMB'000*	2011 *RMB'000*
Raw materials used in inventories	**2,174,710**	2,294,891
Advertising and other marketing expenses	**537,606**	509,670
Depreciation of property, plant and equipment	**362,733**	296,282
Employee benefit expense	**391,404**	366,624
Water and electricity	**200,513**	172,325
Transportation and related charges	**182,489**	161,834
Repairs and maintenance	**40,704**	28,644
Land use tax	**25,793**	28,382
Impairment loss of inventories	**29,734**	26,233
Travelling expense	**26,188**	25,777
Office and communication expenses	**22,713**	21,240
Amortization of trade mark and license right	**19,348**	20,107
Amortization of prepaid operating lease payments	**16,206**	17,021
Rental expenses	**10,231**	10,593
Impairment loss for trade and other receivables	**7,158**	11,480
Auditors' remuneration	**4,639**	4,418
Other expenses	**71,752**	73,979
Total cost of sales, selling and marketing and administrative expenses	**4,123,921**	4,069,500

7. Finance cost

	2012 *RMB'000*	2011 *RMB'000*
Interest expenses:		
— Bank borrowings	**237,989**	134,001
— Interest expense relating to Convertible Bonds	**103,838**	94,331
— Financing cost of repaying long-term payables	**—**	5,216
Less: Interest capitalised	**(111,272)**	(123,428)
	230,555	110,120
Weighted average effective interest rates used to calculate capitalisation amount	**5.07%**	4.62%

8. Finance income

	2012 *RMB'000*	2011 *RMB'000*
Interest income:		
— from bank deposits	**12,630**	6,192
Exchange gain (excluding Convertible Bonds)	**598**	77,638
Exchange gain on liability component of Convertible bonds	**1,525**	29,124
	14,753	112,954

9. Income tax credit/(expense)

	2012	2011
	RMB'000	*RMB'000*
Deferred income tax credit	**20,795**	15,367
Current income tax — PRC enterprise income tax	**(6,158)**	(60,765)
	14,637	(45,398)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate of companies comprising the Group as follows:

	2012	2011
	RMB'000	*RMB'000*
Profit before income tax	**1,522**	355,893
Tax calculated at the statutory tax rates of 25% (2011: 25%)	**(381)**	(88,973)
Tax effect:		
Fair value change in conversion right of convertible bonds not subject to tax	**2,686**	85,151
Expense not deductible for tax purpose	**(2,181)**	(6,305)
Tax losses for which no deferred income tax asset was recognised	**(23,300)**	(52,917)
Preferential tax rates on the income of certain subsidiaries	**24,499**	872
Income not subject to tax	**2,262**	2,300
Tax losses used in current year which no deferred income tax asset was recognised in prior year	**11,052**	14,474
Income tax credit/(expense)	**14,637**	(45,398)

Hong Kong profits tax has not been provided as the Group has no assessable profit derived from Hong Kong.

According to the Corporate Income Tax Law of the PRC as approved by the National People's Congress on 16 March 2007, the profits of the PRC subsidiaries of the Group derived since 1 January 2008 will be subject to withholding tax at rates of 5% or 10% upon the distribution of such profits to foreign investors based in or companies incorporated in Hong Kong, or for other foreign investors respectively. The Group determined that no deferred withholding tax liabilities shall be recognised in respect of the profits of the PRC subsidiaries for the year ended 31 December 2011 and 2012 since the Group plans to reinvest such profits to set up new companies in the PRC and has no plan to distribute such profits in the foreseeable future.

10. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	2012	2011
	RMB'000	*RMB'000*
Profit attributable to equity holders of the Company	**16,159**	310,495
Weighted average number of ordinary shares in issue (thousands)	**1,477,953**	1,477,953
Basic earnings per share (RMB cents)	**1.1**	21.0

(b) ***Diluted***

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company's potentially dilutive ordinary shares comprised shares which may be issued under its Convertible Bonds and share option schemes. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares during the period) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the conversion of the Convertible Bonds and the exercise of the share options, with the difference being adjusted in arriving at the weighted average number of shares for diluted earnings per shares, of which details are as follows:

	2012	2011
	RMB'000	*RMB'000*
Profit attributable to equity holders of the Company	**16,159**	310,495
Add: Interest expense relating to Convertible Bonds *(note 14)*	**—***	94,331
Less: Unrealised exchange gain relating to Convertible Bonds *(note 14)*	**—***	(29,124)
Less: Fair value changes of conversion rights of Convertible Bonds *(note 14)*	**—***	(340,603)
Profit attributable to equity holders of the Company, used to determine diluted earnings per share	**16,159**	35,099
Weighted average number of ordinary shares in issue *(thousands)*	**1,477,953**	1,477,953
Adjustment for Convertible Bonds *(thousands)*	**—***	145,104
Adjustment for share options *(thousands)*	**—****	—**
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**1,477,953**	1,623,057
Diluted earnings per share *(RMB cents)*	**1.1**	2.2

* In the year 2012, the impact of interest expense of, unrealised exchange loss of and fair value changes of conversion rights of the Convertible Bonds are antidilutive and have therefore been excluded from the calculation of diluted earnings per share.

** In 2012 and 2011, share options are antidilutive and have therefore been excluded from the calculation of diluted earnings per share.

11. Dividends

The board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2012.

12. Trade and other receivables

	2012	2011
	RMB'000	*RMB'000*
Trade receivables — net	**761,226**	574,786
Trade receivables	**796,242**	606,353
Less: Provision for impairment of receivables	**(35,016)**	(31,567)
Bills receivable	**32,574**	38,493
Prepayments of raw materials and others	**252,659**	189,461
Deductible VAT input balance	**347,259**	307,110
Other receivables	**32,437**	56,596
	1,426,155	1,166,446

The carrying amounts of receivables approximate their fair values.

The majority of the Group's sales are settled in cash or by cheque on delivery of goods, except for a customer on OEM business and sales to selected distributors and supermarkets which are settled within the credit terms as agreed in sales contracts. The majority of customers are with credit terms of 90 to 180 days. Certain customers with long-term relationship are extended preferential credit terms exceeding 180 days. As at 31 December 2012 and 2011, the ageing analysis of the trade receivables was as follows:

	2012	2011
	RMB'000	*RMB'000*
Within 3 months	**640,537**	453,133
Between 4 and 6 months	**78,143**	70,724
Between 7 and 12 months	**40,773**	54,298
Between 1 and 2 years	**23,160**	18,210
Over 2 years	**13,629**	9,988
	796,242	606,353

13. Borrowings

	Group	
	2012	2011
	RMB'000	*RMB'000*
Non-current		
Bank borrowings	**1,175,398**	52,972
Current		
Other financial institution borrowings	**—**	3,000
Bank borrowings	**1,807,557**	2,437,589
Total Bank borrowings	**2,982,955**	2,493,561

	Group	
	2012	2011
	RMB'000	*RMB'000*
Unsecured	**2,322,220**	2,477,001
Secured	**660,735**	16,560
Total Bank borrowings	**2,982,955**	2,493,561

The Group had no bank borrowings secured by note receivable as at 31 December 2012. The Group had no borrowings secured by property, plant and equipment, and land use rights.

The Group has undrawn borrowing facilities of RMB1.93 billion as of 31 December 2012 (2011: RMB1.97 billion).

14. Convertible Bonds

	2012	2011
	RMB'000	*RMB'000*
Convertible Bonds due 2016, liability components	**703,684**	639,122
Fair value of embedded derivatives	**75,464**	86,206
	779,148	725,328

On 29 April 2011, the Company issued an aggregate of US$150,000,000 convertible bonds due 29 April 2016 (the "2016 Convertible Bonds").

The major terms and conditions of the 2016 Convertible Bonds are as follows:

(a) Interest rate:

The Company shall pay an interest on the 2016 Convertible Bonds at 4.0% per annum.

(b) Conversion price:

The 2016 Convertible Bonds will be convertible into Shares at the initial Conversion Price of HK$6.812 per Share, subject to adjustments. The Conversion Price will be subject to adjustment for, amongst others, consolidation, subdivision or reclassification of Shares, capitalisation of profits or reserves, capital distribution, rights issues of Shares or options over Shares, rights issues of other securities, issues at a certain discount to current market price, Change of Control and other usual adjustment events. The Conversion Price may not be reduced so that the Conversion Shares would fall to be issued at a discount to their par value.

(c) Maturity

Unless previously redeemed, converted, purchased and cancelled, the Company will redeem each 2016 Convertible Bond on 29 April 2016 at 105.60% of its principal amount together with accrued and unpaid interest.

(d) Redemption at the Option of the Company

The Company may:

(i) upon giving not less than 30 and not more than 90 days' notice to the Bondholders, at any time after 29 April 2014 redeem all outstanding Bonds at a redemption price equal to the early redemption amount (calculated in such manner as set out in the terms and conditions of the 2016 Convertible Bonds) as at such date, together with accrued but unpaid interest to the date fixed for redemption, provided that the closing price of the Shares for each of the 30 consecutive Trading Days prior to the date upon which notice of such redemption is published, was at least 130% of the then Conversion Price in effect on each such Trading Day; or

(ii) upon giving not less than 30 and not more than 60 days' notice to the Bondholders, at any time redeem all outstanding 2016 Convertible Bonds at a redemption price equal to the early redemption amount (calculated in such manner as set out in the terms and conditions of the 2016 Convertible Bonds) as at such date, together with accrued but unpaid interest to the date fixed for redemption, provided that prior to the date of such notice at least 90% in principal amount of the 2016 Convertible Bonds originally issued has already been converted, redeemed or purchased and cancelled.

(e) Redemption at the Option of the holders

The Company will, at the option of the holder of any 2016 Convertible Bond, redeem all or some only of such holder's 2016 Convertible Bonds on 29 April 2014 at 103.19% of the principal amount, together with interest accrued to the date fixed for redemption.

(f) Redemption for Delisting or Change of Control

Following the occurrence of a Change of Control or delisting of the Company (including suspension of trading of the Shares on the Stock Exchange for a period equal to or more than 30 consecutive Trading Days) (the "Relevant Event"), the holder will have the right to require the Company to redeem all, or but not some only, of such holder's 2016 Convertible Bonds at a redemption price equal to the early redemption amount (calculated in such manner as set out in the terms and conditions of the 2016 Convertible Bonds) as at such date, together with accrued but unpaid interest to the date fixed for redemption.

The fair value of the 2016 Convertible Bonds was determined by an independent qualified valuer based on the Binomial valuation model. The fair value of the liability component on initial recognition was valued as the proceeds of the 2016 convertible bonds (net of transaction cost) minus the fair value of the embedded derivatives of the 2016 convertible bonds (defined as "conversion right" in the valuer's report). The fair value of the conversion rights and redemption rights (considered as a single derivative) (the "conversion right") was valued by estimating the value of the whole bond with and without the conversion feature. The difference in value reflects the value of the conversion right.

	RMB'000
Fair value of conversion rights as at 31 December 2011	86,206
Less: Fair value of conversion rights as at 31 December 2012	(75,464)
Fair value changes of conversion rights	10,742

The fair value change in the conversion right for the year ended 31 December 2012 is RMB10,742,000, which is recognised in the consolidated statement of comprehensive income and disclosed separately. The related interest expense of the liability component of the 2016 Convertible Bonds for the year ended 31 December 2012 amounted to RMB103,838,000, which is calculated using the effective interest method with an effective interest rate of 16.45%.

	RMB'000
Liability component as at 31 December 2011	639,122
Add: Interest expense for the year	103,838
Less: Interest payment during the year	(37,751)
Less: Unrealised exchange gain	(1,525)
Liability component as at 31 December 2012	703,684

The fair value of the liability component of the 2016 Convertible Bonds at 31 December 2012 amounted to RMB835,915,000. The fair value is calculated using cashflows discounted at a rate of 10.02%.

15. Trade and other payables

	2012	2011
	RMB'000	*RMB'000*
Trade payables	**1,449,715**	893,271
Other payables	**500,085**	449,284
	1,949,800	1,342,555

The ageing analysis of trade payables as at 31 December 2012 and 2011 are as follows:

	2012	2011
	RMB'000	*RMB'000*
Within 3 months	**1,371,838**	705,729
Between 4 and 6 months	**28,601**	162,111
Between 7 and 12 months	**33,761**	15,811
Between 1 and 2 years	**7,367**	6,180
Between 2 and 3 years	**6,922**	2,321
Over 3 years	**1,226**	1,119
	1,449,715	893,271

16. Contingencies

The group has legal claim arising in the ordinary course of business. After taking appropriate legal advice, it is not anticipated that any material liabilities will arise from the legal claim (2011: nil).

17. Events after the balance sheet date

There were no significant events after 31 December 2012.

Financial Review

Sales

Sales of the Group's products, comprising 100% fruit juices, nectars, juice drinks, and other beverage products increased 4.1% from RMB3,825.6 million in 2011 to RMB3,980.8 million in 2012.

Sales of 100% fruit juices, which exceeded nectars and became the largest component of the Groups revenues, accounted for 27.8% of the Group's total sales, increased by 18.0% from RMB938.8 million in 2011 to RMB1,108.0 million in 2012 due to a 21.7% increase in sales volume and a 3.0% decrease in average selling price.

Sales of nectars accounted for 26.4% of total sales. Sales of nectars in 2012 was negatively impacted by the difficult environment overall, particularly in the first half of the year, as sales volume decreased 22.0% compared to last year. Although average selling price increased 3.2%, sales of nectars decreased from RMB1,304.3 million in 2011 to RMB1,049.9 million in 2012.

Sales of juice drinks, which accounted for 21.4% of the Group's total sales, decreased by 18.2% in 2012 from RMB1,041.0 million in 2011 to RMB851.9 million in 2012, primarily due to a 26.7% decrease in volume which was partially offset by an 11.6% increase in average selling price.

The sales of other beverage products increased significantly, growing 79.3% from RMB541.5 million in 2011 to RMB970.9 million primarily attributed to the increase in OEM sales.

Cost of Sales

Cost of sales increased by 0.2% from RMB2,861.3 million in 2011 to RMB2,865.6 million in 2012. Total sales volume increased by 2.1% from 2011 to 2012. Increase in raw material purchases across all juice product segments which was offset by decrease in raw material prices, contributed to the remainder of the overall increase in costs of sales.

Gross Profit

Gross profit increased by 15.6% from RMB964.3 million in 2011 to RMB1,115.2 million in 2012. Gross profit margin increased by 2.8 percentage points from 25.2% in 2011 to 28.0% in 2012. The increase in gross profit was mainly attributable to both the increase in sales volume particularly for 100% juice, as well as the favorable change in product mix and decrease in material price.

Other Income

Other income increased 9.3% from RMB256.5 million in 2011 to RMB280.4 million in 2012, primarily due to the increase of government subsidy income.

Other Gain

The Group has begun looking at surplus land and monetizing its value for its shareholders. The first example is Chengdu Huifu Real Estate Co. Ltd. ("Huifu") where the Company established a 50/50 joint venture for the development of land at its Chengdu production plant in June 2012 and entered into an agreement in December 2012 for transferring its control, management, and voting rights in Huifu to the purchaser, and eventually sold its remaining stake. Proceeds of RMB90 million were received for the first 50% and RMB292.5 million will be received over the next 5 years in respect of the sale of the second 50%. The book value of this land and the production plant that stands on it is RMB109.8 million so in 2012 and over the next 5 years the company will receive cash of RMB182.7 million more than the book value of this asset.

Selling and Marketing Expenses

Selling and marketing expenses increased by 5.0% from RMB933.9 million in 2011 to RMB980.6 million in 2012, mainly due to an increase in advertising expenses.

Administrative Expenses

Administrative expenses increased by 1.3% from RMB274.3 million in 2011 to RMB277.8 million in 2012. The administrative expenses as a percentage of revenue slightly decreased from 7.2% in 2011 to 7.0% in 2012.

Finance Income/Cost

The Group recorded net finance cost of RMB205.1 million in 2012 as compared to a net finance income of RMB343.4 million in 2011, primarily as a result of a RMB10.7 million gain in changes in fair value of the convertible bonds in 2012 as compared to a RMB340.6 million gain in changes in fair value of the convertible bonds in 2011.

Income Tax Expenses

Income tax expense changed from RMB45.4 million in 2011 to an income tax credit of RMB14.6 million in 2012, primarily as a result of a decrease in profits at certain subsidiary companies and recognition of deferred tax assets.

Profit Attributable to Equity Holders of the Company

As a result of the foregoing, the Company recorded RMB206.6 million in operating profit in 2012 as compared with a RMB12.5 million operating profit in 2011. The adjusted profit attributable to the equity holders of the Company for 2012 was RMB101.9 million compared to a profit attributable to the equity holders of the Company of RMB36.9 million for 2011.

Liquidity and Capital Resources

The Group's working capital and other capital requirements were principally funded by operations, cash at hand and bank borrowings.

As at 31 December 2012, the Group had an aggregate of RMB2,983.0 million in outstanding bank loans and RMB779.1 million in outstanding convertible bonds as compared to RMB2,490.6 million of outstanding bank loans, RMB3.0 million in other financial institution loans and RMB725.3 million of outstanding convertible bonds in 2011. The gearing ratio (total debt (including the convertible bonds)/total equity) of the Group was 71.2% as at 31 December 2012, representing a increase of 10.2% as compared to 61.0% as at 31 December 2011.

The Group's borrowings include bank loans and the convertible bonds. As at 31 December 2012, the Group had the following indebtedness:

	Repayable within one year	**Repayable after one year** *(RMB in million)*	**Total**
Bank loans	1,807.6	1,175.4	2,983.0
Convertible bonds	—	779.1	779.1
Total	1,807.6	1,954.5	3,762.1
Analysed as:			
Secured	660.7	0	660.7
Unsecured	1,146.9	1,954.5	3,101.4

Operating activities

Net cash generated from operating activities was RMB143.1 million in 2012. The Group's net profit before tax for the same period was RMB1.5 million. The difference of RMB141.6 million was primarily due to an RMB548.4 million increase in accounts payable and RMB362.7 million depreciation of fixed assets that was partially offset by a RMB485.4 million increase in inventory and a RMB202.1 million increase in accounts receivables.

Investing activities

Net cash used in investing activities in 2012 was RMB366.6 million as compared to net cash used in investing activities of RMB728.9 million in 2011. Purchase of property, plant and equipment in 2012 was RMB374.4 million.

Financing activities

Net cash generated from financing activities in 2012 was RMB467.8 million, as compared to net cash generated from financing activities of RMB558.8 million in 2011.

Capital Expenditure

Capital expenditures primarily comprised purchases of property, plant and equipment, and additions to land use rights. The Group significantly decreased its annual total capital expenditures in 2012 compared to the previous year. During the year ended 31 December 2012, the Group spent

RMB374.4 million on the purchase of property, plant and equipment and RMB91.0 million on the acquisition of land use rights, compared with RMB683.9 million and RMB85.2 million respectively in 2011.

As at 31 December 2012, the Group had capital commitments of RMB128.1 million for the purchase of property, plant and equipment.

The Group expects that its capital expenditures in 2013 will be continuously reduced compared with 2012. The Group plans to finance its 2013 capital expenditure requirements primarily with cash generated from its operations and bank loans.

Analysis on Turnover of Inventories, Trade Receivables and Trade Payables

The Group's inventories primarily consist of raw materials (including packaging materials, juice concentrates and purees, sugars and additives) and finished goods (including juices and other beverage products). Raw materials make up the majority of the Group's inventory. Raw materials turnover days and turnover days for finished goods changed from 114 and 20 days, respectively, in 2011 to 184 and 22 days, respectively, in 2012.

Turnover days for trade receivables in 2012 increased to 73 days from 59 days in 2011.

Contingent Liabilities

As at 31 December 2012, the Group did not have any material outstanding contingent liabilities.

Off-Balance Sheet Transactions

As at 31 December 2012, the Group had not entered into any off balance sheet transactions.

Pledge of Assets

As at 31 December 2012, none of the property, plant, equipment and land use right of the Group were pledged to secure bank borrowings.

Capital Leases

As at 31 December 2012, the Group did not have any capital leases.

MARKET RISKS

The activities of the Group expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk, cash flow and fair value interest rate risk, and capital risk. Financial risk management is carried out by the group treasury which identifies, evaluates and hedges financial risk.

Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. As at each balance sheet dates, substantially all of the Group's borrowings were carried at market lending rates.

Foreign Exchange Rate Risk

The Group's production depends on importation of certain raw materials and the Group is exposed to foreign currency exchange risk arising from various currency exposures primarily with respect to the United States Dollar ("USD"). The Group is also exposed to foreign currency exchange risk arising from the bank deposits, the Convertible Bonds and bank borrowings denominated in the USD. The Group did not use forward contract/derivative instruments in 2012 but may use them from time to time to hedge against certain material foreign exchange exposures.

As at 31 December 2012, assuming the exchange rate of RMB increased/decreased by 1% against the USD with all other variables remaining unchanged, the Group's post-tax profit for 2012 would have been decreased/increased by RMB15.9 million (2011: RMB15.8 million), mainly due to the foreign exchange losses/gains on retranslation of USD-denominated Convertible Bonds and bank borrowings.

Credit risk

Most of the Group's sales are settled in cash or by cheque by its customers on delivery of goods. Credit sales are made only to selected customers, including distributors with long-term relationship with the Group and supermarket operators having entered into contracts with the Group with credit terms. The Group assesses the credit quality of its customers by taking into account various factors including their financial position and previous record. The utilization of credit limits is regularly monitored. The Group has policies in place to ensure that trade receivables are followed up in a timely manner. The balance of the trade receivables from the five largest customers was RMB412.1 million as at 31 December 2012 (2011: RMB202.3 million), representing 52% of the total balance of trade receivables as at 31 December 2012 (2011:35%).

EMPLOYEES AND WELFARE CONTRIBUTION

As at 31 December 2012, the Group had 9,048 employees. The employees' remuneration packages are determined with reference to their experience and qualifications and general market conditions.

As at 31 December 2012, the Group's employees' deployment by function was as follows:

Functions	
Production	3,354
Sales and marketing	4,090
Management and other administration	731
Research and development (including quality assurance)	397
Finance and accounting	401
Purchase and supply	75
Total headcount	9,048

The Group enters into individual employment contracts with its employees to cover matters such as wages, employee benefits, safety and sanitary conditions at the workplace, confidentiality obligations for commercial secrets, and grounds for termination. Other than employment contracts with middle and senior management, these employment contracts have a term of between one and three years with a probation period between one and three months. The Group rewards its employees for innovations and improvements by giving them incentive bonuses.

The Group invests in continuing education and training programs for its management staff and other employees with a view to constantly upgrading their skills and knowledge. The Group has arranged for internal and external vocational training courses to develop its employees' skills and knowledge. These training courses range from further educational studies to basic production process and skill training to professional development courses for its management personnel.

In accordance with applicable PRC regulations on social insurance, the Group participates in a pension contribution plan, a medical insurance plan, an unemployment insurance plan, a maternity insurance plan, a work-related injury insurance plan for its employees as required by local government.

The employees of the Group have established a labor union, which is a member of the All China General Trade Union. The labor union organizes various activities to improve the quality of life for our employees.

FUTURE PROSPECTS

During the review period, we worked to reposition our business to better capture the future market opportunity. We invested in consumer education, streamlined our product offers, improved our manufacturing efficiency, and realigned our sales network to increase product focus. In the end of 2012, we won the exclusive advertising rights for the popular TV show "Avenue of the Stars", our association with which will significantly enhance our market exposure and drive greater demand for our products. We believe that the groundwork we have laid out this past year through these different initiatives will come to fruition in 2013.

It remains our mission to be the leading high quality healthy fruit and juice beverage company in China. We are extremely enthusiastic about the future of our Company and the overall industry. As China continues to develop, urbanization and rising consumption will drive demand for higher quality healthy beverages. China's new leadership has indicated a continuation of macroeconomic policy, pushing forward with economic reforms and a lower overall growth rate in favor of rebalancing economic growth. Economic growth in 2013 is expected to decrease slightly to 7.5% from 2012 levels. We believe the government's favorable agricultural policies and efforts to stimulate domestic demand will drive growth in the overall juice beverage market.

Looking ahead to 2013, we will work to maintain our leadership position in 100% juice and nectars. We will increase investment in marketing activities to educate consumers and promote our products. We will expand our sales and distribution network to penetrate deeper into our target markets. While staying true to our core products, we will introduce new and differentiated products into the market as we push strategically into new product categories. We will explore future opportunities to leverage our brand and other assets, and will work tirelessly to create value for all our stakeholders. As the clear leader in China's 100% juice and nectar markets, we believe our unique market position will enable us to take advantage of the favorable growth trends in the market.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2012.

CORPORATE GOVERNANCE CODE

The Company places high value on its corporate governance practice and the Board firmly believes that a good corporate governance practice can improve accountability and transparency for the benefit of its shareholders.

The Company has adopted the Code of Corporate Governance Practices (the "Old Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") since its listing in 2007, and has, since 1 April 2012, adopted the revised code provisions set out in Appendix 14 of the Listing Rules (the "New Code, together with the Old Code, the "Governance Code") as currently in force at the date of this announcement as its own code to govern its corporate governance practices. The Board also reviews and monitors the practices of the Company from time to time to maintain and improve a high standard of corporate governance practices.

In 2012, the Company has complied with all code provisions (the "Code Provisions") of the Governance Code except for a deviation summarized below.

Code Provision A.2.1

The Code Provision A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

At present, the positions of the chairman of the Board and the president (i.e., the chief executive officer) of the Company are held by Mr. Zhu Xinli. Although this deviates from the practice under the Code Provision A.2.1, where the two positions should be held by two different individuals, Mr. Zhu has considerable and extensive experience in the juice and beverage industry and in enterprise operation and management in general. The Board believes that it is in the best interest of the Company to continue to have an executive chairman so the Board can benefit from his knowledge of the business and his capability in leading the Board in discussing the strategy and long-term development of the industry.

From a corporate governance point of view, the decisions of the Board are made collectively by way of voting and therefore the chairman of the Board should not be able to monopolize the voting result. The Board considers that the balance of power between the Board and the senior management can still be maintained under the current structure.

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

During the year ended 31 December 2012, neither the Company, nor any of its subsidiaries purchased, sold and redeemed any of the Company's listed securities.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company will be held on 18 June 2013. A notice convening the annual general meeting will be published and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

For the purposes of determining shareholders of the Company who are entitled to attend and vote at the annual general meeting, the register of members of the Company will be closed from 14 June 2013 to 18 June 2013 (both days inclusive), during which period no transfer of shares of the Company can be registered. In order to be entitled to attend and vote at the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queens' Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 13 June 2013.

REVIEW OF FINANCIAL STATEMENTS

The financial management and audit committee of the Board, has discussed with management and reviewed the consolidated financial statements of the Group for the year ended 31 December 2012. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2012 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

By Order of the Board
CHINA HUIYUAN JUICE GROUP LIMITED
ZHU Xinli
Chairman

Beijing, 27 March 2013

Our directors are Mr. ZHU Xinli, Mr. JIANG Xu and Mr. LI Wen-chieh as executive directors, Mr. Andrew Y. YAN as a non-executive director and Ms. ZHAO Yali, Mr. SONG Quanhou, Mr. LEUNG Man Kit and Mr. ZHAO Chen as independent non-executive directors.

* *For identification purposes only*