中國滙源果汁集團有限公司
China Huiyuan Juice Group Limited

(incorporated in the Cayman Islands with limited liability)
Stock Code: 1886

Annual Report 2014

About Us

China Huiyuan Juice Group Limited (the "Company", together with its subsidiaries, collectively as the "Group" or "Huiyuan Juice" or "Huiyuan"), a leading vertically-integrated fruit and vegetable juice producer in China, is principally engaged in the production and sales of concentrated juice, puree, fruit juice, fruit and vegetable juice, beverage, water and other drinks. For the time being, the Group's 100% juice and nectars are well recognized in the market. According to the research on Chinese consumer packaged goods sector conducted by Nielsen for 2014, the Group's 100% juice and nectars enjoyed market shares of 56.5% and 42.7%, respectively, each by sales volume.

As at 31 December 2014, the Group had 48 subsidiaries with 17,736 employees. We continue to improve our sales network across the nation in three modes of direct-sales, sales offices and distribution, and to further construct sales channels and expand sales point coverage, such that the Group's products of all categories can penetrate through the whole country. Now the Group has approximately 14 direct-operated branches, over 1,000 sales offices and around 3,000 distributors to serve 2 million retail terminals.

The Directors of the Company believe that "Huiyuan" juice, after years of cultivation and development, is now a household brand in China and is loved and greatly supported by Chinese consumers.

Contents

Corporate Information

Board of Directors

Executive Directors
Mr. ZHU Xinli *(Chairman)*
Ms. ZHU Shengqin (appointed on 29 August 2014)
Mr. JIANG Xu (resigned on 29 August 2014)
Mr. LEE Wen-chieh (resigned on 18 March 2014)
Mr. CUI Xianguo (appointed on 18 March 2014)

Non-executive Director
Mr. Andrew Y. YAN

Independent Non-executive Directors
Mr. LEUNG Man Kit
Mr. SONG Quanhou
Mr. ZHAO Chen
Ms. ZHAO Yali

Company Secretary

Ms. MOK Ming Wai

Authorized Representatives

Mr. ZHU Xinli
Ms. MOK Ming Wai

Financial Management and Audit Committee
Mr. LEUNG Man Kit *(Chairman)*
Mr. SONG Quanhou
Mr. ZHAO Chen

Remuneration and Nomination Committee

Mr. SONG Quanhou *(Chairman)*
Mr. LEUNG Man Kit
Mr. Andrew Y. YAN

Registered Office

Floor 4, Willow House
Cricket Square
P.O. Box 2804
Grand Cayman KYI-1112
Cayman Islands

Head Office

Huiyuan Road, Beixiaoying Town,
Shunyi District
Beijing, PRC

Registered Address in Hong Kong

Edinburgh Tower, 33/F, The Landmark
15 Queen's Road Central
Hong Kong

Company Website

www.huiyuan.com.cn

Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KYI-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

Auditor

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building
Central, Hong Kong

Listing Exchange Information

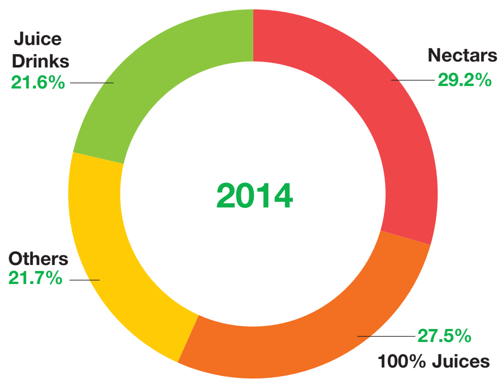
Place of listing:	Main Board of The Stock Exchange of Hong Kong Limited
Stock Code:	1886
Board lot:	500 shares

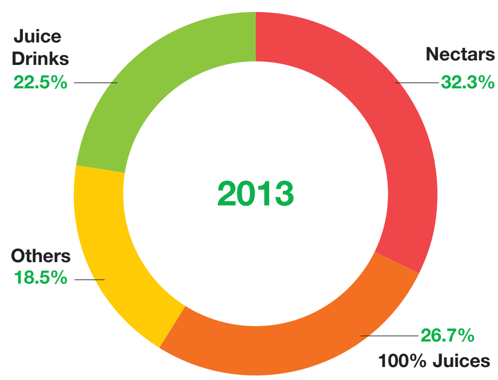
Principal Bankers

Bank of China

Financial Highlights

Percentage of total sales by product





Comparison of results of 2014 and 2013

	For the year ended 31 December (RMB'000)	
	2014	**2013**
Revenue	**4,592,050**	4,503,885
Gross profit	**1,594,080**	1,398,332
(Loss)/profit attributable to equity holders	**(126,768)**	228,463
Adjusted (loss)/profit attributable to equity holders (Note 1)	**(293,893)**	330,932
EBITDA (Note 2)	**513,970**	971,234
(Losses)/earnings per share (RMB cents)		
— Basic	**(4.8)**	13.5
— Diluted	**(12.8)**	13.5
Proposed final dividend per share (RMB cents)	**—**	—

Note 1: The adjusted (loss)/profit attributable to equity holders excludes interest expense on the convertible bonds, unrealised gain/(loss) on change of fair value of embedded derivatives of the convertible bonds, exchange (loss)/gain relating to the convertible bonds and amortization of employee share option scheme and share award scheme.

Note 2: The calculation of EBITDA is based on the sum of loss/(profit) for the year, income tax expense, finance expenses, finance income, depreciation of property, plant and equipment, amortization of trade mark, license right, sales distribution networks and customer relationships, amortization of prepaid operating lease payments, unrealised gain/(loss) on change of fair value of embedded derivatives of convertible bonds and loss on early redemption of convertible bonds.

Financial Highlights (Continued)

Financial ratio

	For the year ended 31 December		
	2014	2013	Change
Return on equity holders' equity	**-1.2%**	2.2%	-3.4%
Return on assets	**-0.7%**	1.4%	-2.1%
Gearing ratio (total debt/equity holders' equity) (Note 1)	**41.3%**	43.7%	-2.4%

Operating ratio (Note 2)

	For the year ended 31 December		
	2014	2013	Change
Turnover of finished goods	**20 days**	12 days	+8 days
Turnover of raw materials	**128 days**	142 days	-14 days
Turnover of trade receivables	**126 days**	91 days	+35 days
Turnover of trade payables	**154 days**	127 days	+27 days

Note 1: The total debt includes total borrowings of RMB3,458.4 million as at 31 December 2014 (as at 31 December 2013: RMB3,786.0 million) and convertible bonds of RMB860.4 million as at 31 December 2014 (as at 31 December 2013: RMB837.6 million).

Note 2: The turnover of finished goods as at 31 December is calculated as the balance of finished goods as at 31 December divided by cost of sales for the year multiplied by 365 days.
The turnover of raw materials as at 31 December is calculated as the balance of raw materials as at 31 December divided by raw materials used for the year multiplied by 365 days.
The turnover of trade receivables as at 31 December is calculated as the total balance of trade receivables and bills receivable as at 31 December divided by sales for the year multiplied by 365 days.
The turnover of trade payables as at 31 December is calculated as the total balance of trade payables as at 31 December divided by cost of sales for the year multiplied by 365 days.

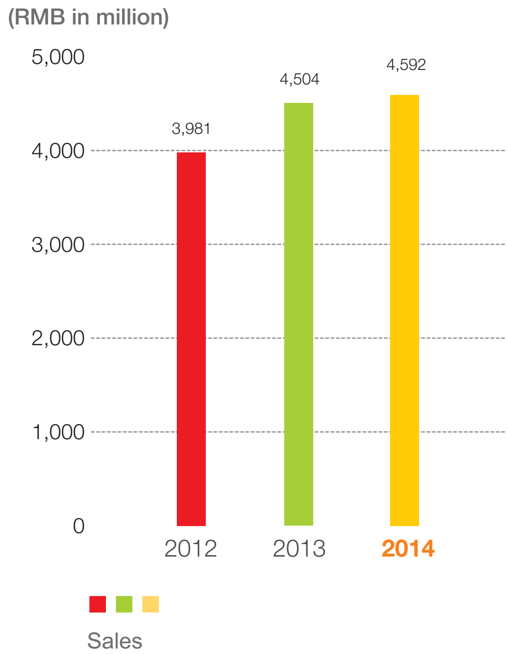
Five-year financial summary

	For the year ended 31 December (RMB million)				
	2014	2013	2012	2011	2010
Results					
Revenue	**4,592.1**	4,503.9	3,980.8	3,825.6	3,708.0
Gross profit	**1,594.1**	1,398.3	1,115.2	964.3	1,362.0
(Loss)/profit for the year	**-127.0**	235.4	16.2	310.5	198.3
Gross profit margin	**34.7%**	31.0%	28.0%	25.2%	36.7%
Net (loss)/profit margin	**-2.8%**	5.2%	0.4%	8.1%	5.3%
(Loss)/profit attributable to equity holders of the Company	**-126.8**	228.5	16.2	310.5	198.3

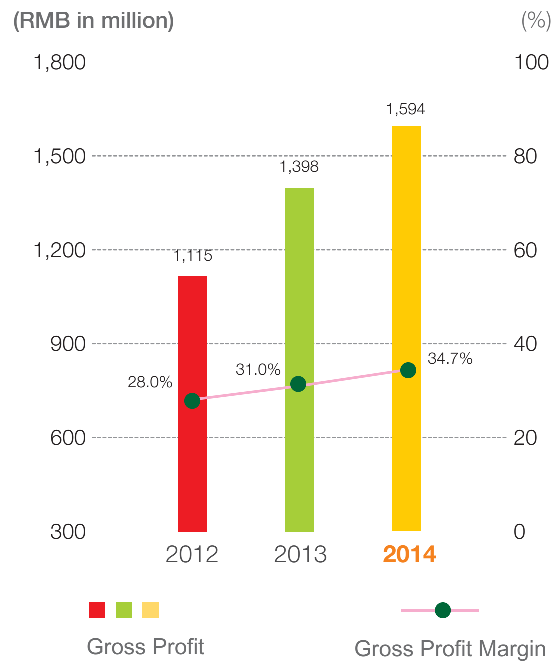
	As at 31 December (RMB million)				
	2014	2013	2012	2011	2010
Assets, liabilities and equity					
Total assets	**17,134.8**	17,213.3	11,159.4	10,046.3	9,293.7
Total liabilities	**6,535.1**	6,488.8	5,873.2	4,770.4	4,281.3
Equity attributable to equity holders of the Company	**10,458.0**	10,576.5	5,286.2	5,275.9	5,012.4
Non-controlling interests in equity	**141.7**	148.0	—	—	—

Financial Highlights (Continued)

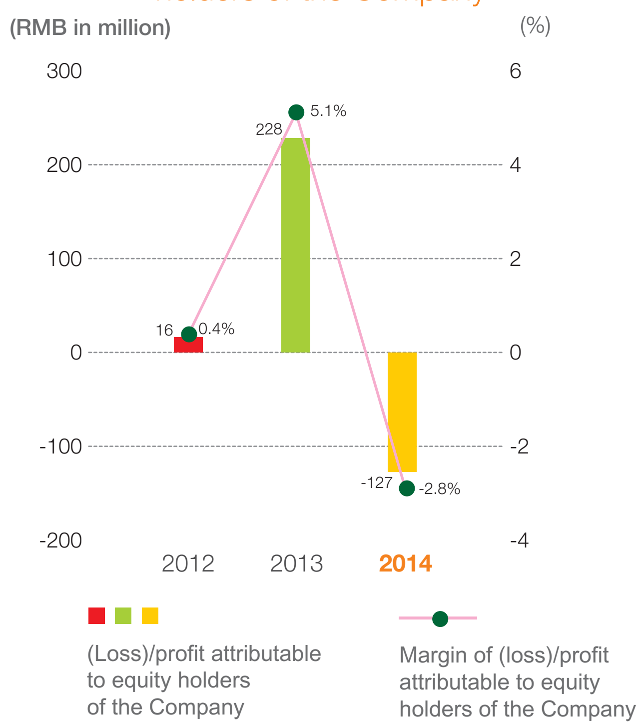
Sales



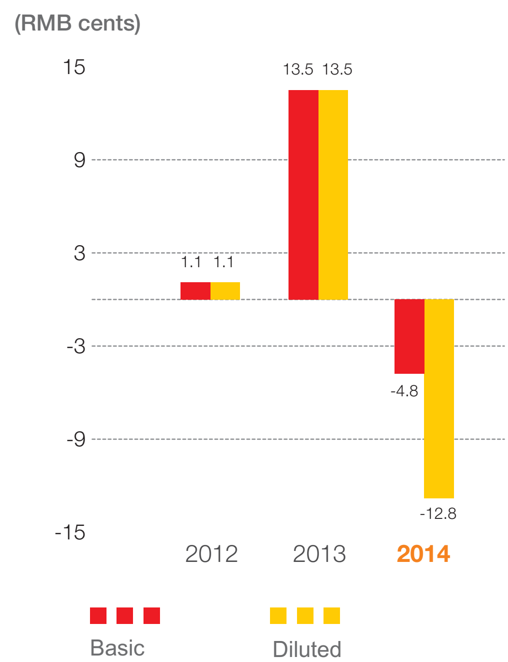
Gross Profit



(Loss)/profit attributable to equity holders of the Company



(Losses)/earnings per share



Chairman's Statement

Huiyuan Juice Brings You Health Everyday

ZHU Xinli **Chairman**

Marco-economic Environment

In 2014, the pace of global economic recovery remained sluggish. International bulk commodity prices stayed under pressure while economic and financial risks are escalating. In China, according to the *Statistical Communiqué of the PRC on the 2014 National Economic and Social Development* released by the National Bureau of Statistics, the Chinese economy is undergoing a transition from fast growth to "new normal", a state characterized by moderated growth and structural improvement.

China's GDP has reached RMB63.6 trillion in 2014, up 7.4% from a year earlier. The per capita consumption expenditure in China, up 9.6% year-on-year, has shown a steady growth trend. Supportive factors such as the continuous progress in urbanization, the rise in per capita disposable income, stable employment, deepening coverage of the social security system, and the effect of internet on social consumption behavior, all serve as driving forces that sustain steady growth in consumption in China.

With the improving living standard in China, the demands for fruit juice continue to expand, indicating the tremendous room for growth in the fruit juice industry. On the other hand, Chinese consumers have been placing stronger emphasis on environmental protection and food safety. The Chinese government is also paying special attention to these issues, as evidenced by the *Notice of Key Work Arrangement for Food Safety 2014* announced by the State Council during the year. The notice reiterated the needs to tackle food safety problems and safeguard the wellbeing of all citizens in this regard. The change in consumption perception, the rise in purchasing power, and the government's increasingly stringent requirements towards the safety and nutritional content in the course of food manufacturing, all will drive the healthy development of the fruit juice industry in the long run. With a long history of development, Huiyuan, being a highly-regarded brand name, has always attached great importance to food safety. We will further strengthen our leadership in the fruit juice industry.

Chairman's Statement (Continued)

Corporate Mission and Value

The Company is on a mission to "benefit the agricultural industry, the peasants and the rural areas while nourishing the public". Through realizing this mission, we have solved the difficulties in selling fruits for millions of fruit farmers. We not only have enriched the revenue of fruit farmers, but also encouraged millions of Chinese consumers to pick up the healthy habit of drinking fruit juice. The Company's core values are: "customer satisfaction as our building blocks, to embrace hardship, and to reward contributors". Huiyuan has been focusing on the juice and beverage market for over 20 years. Over the years, we have been riding on market development trends, gaining insights into consumer demands. Looking ahead, we maintain cautious optimism for the market. We strongly believe that "to adapt to the overall uplifting consumption trend in modern China through vigorous reforms" will be the underlying force for Huiyuan's sustainable development in the future. We also believe that Huiyuan will continue to stand at the forefront of our times, and we will ceaselessly try our best to reinforce our leadership in the juice beverage industry.

Major Events

The year 2014 is a year of positive adjustment for the Company. We have made steady progress in business performance, while innovating our business model throughout the year. In May 2014, we have commenced the construction of the Company's sales offices system. After six months of development, we have already set up over 1,000 sales offices that form a network across China. Since October 2014, the sales performance of sales offices has been growing at an exceptional pace. Such sales offices have become a significant new growth engine for the Company.

In March 2014, the Company entered into a framework agreement with Suntory (China) Holding Co., Ltd. in respect of the proposed acquisition of the entire equity interest in Suntory (Shanghai) Foods Co., Ltd. and a 50% equity interest in Suntory (Shanghai) Foods Marketing Co., Ltd. The Company has formed the Huiyuan-Suntory division during the year, which is mainly responsible for marketing the oolong tea and coffee beverage business. This move helps to diversify the product mix of the Company.

In August 2014, Ms. Yu Hongli was appointed as the CEO. Before that, Ms. Yu Hongli was the executive vice president of the Company mainly responsible for the daily operation and management of the Group's fruit juice business. Our new CEO has more than 10 years of management experience in the juice and beverage industry, as well as in our Company's operation and management. In her new role, Ms. Yu Hongli has precisely set the direction and key tasks for the strategic development of the Company in the future. She has efficiently initiated an in-depth reform program inside the Company. The system of sales, marketing, production, R&D, and supply chain has been optimized and greatly improved under her leadership, which significantly improved the operation results. I highly appreciate the achievements of Ms. Yu Hongli and her team, and I believe that she and her team, as always, will continue to lead the Company to achieve a fast and stable growth prospect.

With its major theme of "nurturing the Earth to be the energy of life", the Company continuously deepened its brand vision of "nutrition, health and ideal life". The Company entered into a strategic cooperation agreement with the Organizing Committee of 2015 Milan Expo as an official partner of this event. China Huiyuan is the only Chinese company that sponsors two clusters (Food & Beverage Cluster and Fruits, Legumes and Spices Cluster), and is granted the exclusive right to use the Mascot "Foody" in Mainland China. The World Expo is an excellent opportunity for China's juice industry to raise its international awareness. Huiyuan will spare no efforts in building an international image for China's juice industry to show the world time-honored Chinese wisdoms in health cultivation by displaying juice, food and lifestyle of China.

During the year, we have disposed of the inefficient assets in a plant in Huanggang, China and optimized our asset structure. The consideration received from the disposal has been used for general corporate operation and to repay bank borrowings.

Operating Results

The Company continued to achieve annual revenue growth in 2014 at a rate faster than that of the overall juice market. For the year ended 31 December 2014, our revenue has reached RMB4,592 million, representing a year-on-year growth of 2.0%, of which the sales volume of 100% juice has gained a 4.7% growth, with a sales volume of RMB1,261 million. Benefiting from the synergy created by integrating the upstream business, and the continuous optimization of the product mix, our gross profit margin has improved from 31.0% in 2013 to 34.7% in 2014.

Market Position and Product

We have been focusing on, and will continue to focus on the fruit juice industry. Huiyuan continues to be the leading brand in the Chinese fruit juice industry. According to a research by Nielsen, in terms of sales volume, the Company continued to maintain a leading market position and accounted for 56.5% and 42.7% of market share in the 100% juice and nectars markets, respectively, in 2014.

Our key products are divided into three categories: 100% juice, nectars, and juice drinks. The 100% juice products is the Company's core product, while nectars is a main product of the Company. Within the juice drinks segment, products such as the Zhen series, Hawthorn juice drink, and the sparkling juice series are well received by customers. The three categories together account around 80% of our total sales volume.

Our Company has also won numerous awards and titles in 2014, including the "2014 Top Brands Award".

Distribution and Supply Chain

The distribution system of the Company has seen gradual improvement in 2014. By the end of the year, we had set up more than 1,000 sales offices, and newly recruited more than 11,000 employees for the frontline sales force. We have around 3,000 distributors covering 1,700 cities across China. As at the end of 2014, the Company had covered approximately 2 million retail terminals, which helped to establish the extensive reach of Huiyuan products in the end markets.

Chairman's Statement (Continued)

The Company started channel cooperation with Sinopec Chemical Commercial Holding Company Limited in September 2014, created a joint task-force and developed and implemented a detailed development plan for the East Joy convenient store. By the end of the year, a total of more than 3,300 stores were covered and began retailing. We believe that leveraging on 20,000 plus convenient stores of Sinopec Chemical Commercial Holding Company Limited across China will further expand Huiyuan's channel business.

Meanwhile, the Company was actively committed to explore and implement new distribution channels in developing the O2O mode of "Huiyuan by your side". The Company fully utilized its E-commerce platforms such as Okwei and Wechat subscription account, and with its more than 1000 sales offices, the Company took the lead to introduce the concept of "Speed Delivery", which has accelerated the "last mile" in the sales cycle and developed a direct access to customers. Meanwhile, the Company has successively built stable business cooperation relationships with a number of influential third-party E-commerce platforms and APPs for meal orders, which laid a solid foundation for direct connection between the brand and consumers.

The Company has built a vertically-integrated business model since the upstream business acquisition in 2013. Such model has contributed positively during the year, such as ensuring the stable supply of important raw materials, preserving production quality and food safety, lowering cost and producing synergy effect.

Prospects

We expect the uncertainty in the Chinese economy will prevail into 2015 due to the complicated internal and external environments. However, the "slower growth and structural improvement" policy guidance on the Chinese economy being gradually enforced, together with the increasingly prominent role of consumption, will both further unveil the potentials hidden in the consumer market. Therefore, we feel optimistic on the outlook of the Chinese economy and on our industry.

First of all, we will continue to consolidate our market position in the 100% Juice and nectars market, and to introduce new high-end products in the primary segment market. Secondly, we will employ three marketing models simultaneously, which are direct-sales, distribution and sales offices to enlarge our sales network and deepen our sales channels to cultivate the market further for our products. Thirdly, we will make use of our advantage in up-stream and down-stream industry-wide collaboration to accelerate lean production management process. Fourthly, we will leverage on being one of the first batch of pilot enterprises under the campaign of "Integration of Industrialization and Information Technology" (兩化融合) implemented by the Ministry of Industry and Information to set up an internet application department to achieve a direct link between products and customers both online and offline. Fifthly, we will continue to optimize our assets while enhancing operation efficiency and results of operation.

In the coming year, we will work together to examine new market opportunities. To keep up the improvements in operation and management, and to strengthen our distribution network, are also important tasks in our agenda. Through reinforcing our leadership and advantages in the industry, we are going to maximize the interest for our shareholders. On behalf of the board, I would like to take this opportunity to express our heartfelt gratitude towards all of our staff members. Their earnest efforts spent on developing the Huiyuan brand is greatly appreciated.

Management Discussion and Analysis

MARKET REVIEW FOR YEAR 2014

China recorded GDP growth of 7.4% in 2014, slight decrease from 7.8% compared to the previous year. In respect of growth structure, despite the continuously subdued growth in fixed asset investment, the total retail sales of consumer goods has still grown by 12% year-on-year, indicating that consumption, one of the three horses that drive economic growth, is playing an increasingly significant role in the China's economy.

The per capita consumption expenditure in China, up 9.6% year-on-year in 2014, has shown a steady growth trend. In 2014, the urbanization rate of China has reached 54.8%; the national per capita disposable income has increased by 10.1% year-on-year (in which the yearly growth rate for urban and rural population were 9.0% and 11.2% respectively); Annual online sales has gained 49.7% over the previous year, accounting for 10.6% of the aggregate retail sales of consumer goods. As the government continues to point its policies direction towards a consumption-driven economy, the Company, as a consumer goods provider, will continue to benefit from this trend.

With the improving living standard in China, the consumption demands for fruit juice continued to expand, signaling the tremendous room for growth in the fruit juice industry. On the other hand, Chinese consumers have been placing stronger emphasis on environmental protection and food safety. With a long history of development, Huiyuan, being a highly-regarded brand name, has demonstrated that it has always attached great importance to food safety. We will further strengthen our leadership in the fruit juice industry.

According to Nielsen, total sales volume for fruit and vegetable juices in China increased to 44 billion liters. The Company remained the market leading position in terms of market share in 100% juice of 56.5% and nectars of 42.7% by sales volume in China.

The following table (as extracted from Nielsen's report) shows Huiyuan's market share in each of 100% Juice, nectars and Juice drink in China in 2014.

	Market Share	
	By Volume	By Value
2014	(%)	(%)
100% Juice		
Huiyuan Juice	**56.5**	**49.1**
Second ranked competitor	23.8	27.9
Third ranked competitor	6.4	5.8
Fourth ranked competitor	2.2	2.1
Fifth ranked competitor	1.5	5.2
26%–99% Concentration(Note 1)		
Huiyuan Juice	**42.7**	**34.3**
Second ranked competitor	28.0	23.0
Third ranked competitor	5.3	7.0
Fourth ranked competitor	4.5	6.2
Fifth ranked competitor	2.7	2.5
	2.2	2.2
25% or Below Concentration(Note 1)		
First ranked competitor	31.5	32.6
Second ranked competitor	25.3	22.9
Third ranked competitor	21.1	19.0
Fourth ranked competitor	5.6	5.4
Fifth ranked competitor	3.2	3.5
Sixth ranked competitor	2.8	4.7
Huiyuan Juice	**2.1**	**2.0**

Notes

(1) According to Nielsen, nectars are defined as juice beverages with juice content of 26%–99% and juice drinks are juice beverages with juice content of 25% or below.

"Nielsen's information reflects estimates of market conditions based on samples, and is prepared primarily as a marketing research tool for consumer packages goods manufacturers and others in the consumer food industry. This information should not be viewed as a basis for investments and references to Nielsen's information should not be considered as Nielsen's opinion as to the value of any security or the advisability of investing in the company."

BUSINESS REVIEW

For details of our business review, please refer to the Chairman's Statement on pages 6 to 11.

FINANCIAL REVIEW

Overview

The key financial indicators of the Group are as follows:

	Year ended 31 December		Year-on-year change
	2014	2013	(%)
Income statement items			
(Expressed in RMB'000 unless otherwise stated)			
Sales	**4,592,050**	4,503,885	2.0%
Gross profit	**1,594,080**	1,398,332	14.0%
(Loss)/profit attributable to equity holders	**(126,768)**	228,463	-155.5%
Adjusted (loss)/profit attributable to equity holders	**(293,893)**	330,932	-188.8%
EBITDA	**513,970**	971,234	-47.1%
(Losses)/earnings per share (RMB cents)(Note 1)			
— basic	**(4.8)**	13.5	
— diluted	**(12.8)**	13.5	
Selected financial ratios			
Gross profit margin (%)	**34.7%**	31.0%	
Margin of (loss)/profit attributable to equity holders (%)	**-2.8%**	5.1%	
EBITDA margin (%)	**11.2%**	21.6%	
Return on equity holders' equity (%)	**-1.2%**	2.2%	
Gearing ratio (total debt to equity holders' equity)(Note 2)	**41.3%**	43.7%	

Notes:

(1) Please refer to Note 31 of the Consolidated Statements of Comprehensive Income for the calculation of (losses)/earnings per share.

(2) The gearing ratio is calculated dividing the total debt by equity holders' equity as at 31 December 2014.

Sales

Sales of the Group's products, comprising 100% fruit juices, nectars, juice drinks, and other beverage products, increased by 2.0% from RMB4,503.9 million in 2013 to RMB4,592.1 million in 2014.

Sales of 100% fruit juices accounted for 27.5% of the Group's total sales in 2014. Sales of 100% fruit juices increased by 4.7% from RMB1,204.7 million in 2013 to RMB1,261.3 million in 2014, primarily due to a 16.3% increase in sales volume.

Sales of nectars accounted for 29.2% of the Group's total sales. Compared to the previous year, Sales of nectars decreased by 7.8% from RMB1,456.1 million in 2013 to RMB1,342.9 million in 2014, primarily due to volume of nectars decreased by 12.2%, while its average selling price increased by 5.1%.

Sales of juice drinks, which accounted for 21.6% of the Group's total sales, decreased by 2.1% from RMB1,011.2 million in 2013 to RMB989.7 million in 2014, primarily due to a 3.0% increase in sales volume and a 4.9% decrease in average selling price.

The sales of other beverage products increased by 20.0% from RMB831.9 million in 2013 to RMB998.2 million in 2014, primarily due to a 10.8% increase in sales volume, and a 8.2% increase in average selling price.

Cost of Sales

Cost of sales decreased by 3.5% from RMB3,105.6 million in 2013 to RMB2,998.0 million in 2014. Total sales volume increased by 2.8% from 2013 to 2014. Our average cost per ton decreased by 6.1% due to the sales of more other beverage products. The decrease of cost of sales was primarily due to the decrease of purchase price of certain raw materials.

Gross profit

Gross profit increased by 14.0% from RMB1,398.3 million in 2013 to RMB1,594.1 million in 2014. Gross profit margin increased by 3.7 percentage points from 31.0% in 2013 to 34.7% in 2014. The increase in gross profit margin was primarily attributable to synergies from acquisition of upstream business and a higher sales of 100% juices with high-margins.

Other Income

Other income decreased by 68.9% from RMB337.5 million in 2013 to RMB105.1 million in 2014. The decrease of other income was primarily due to the decrease of government subsidy income.

Other Gain

Other gain recorded a total gain of RMB151.0 million, which was the disposal gain of Beijing Huiyuan Group Huanggang Co., Ltd., an indirect wholly-owned subsidiary of the Company.

Selling and Marketing Expenses

Selling and marketing expenses increased by 11.8% from RMB1,248.9 million in 2013 to RMB1,395.7 million in 2014, mainly due to an increase in promotion expenses and transportation expenses.

Administrative Expenses

Administrative expenses increased by 22.8% from RMB413.9 million in 2013 to RMB508.3 million in 2014. The administrative expenses as a percentage of revenue increased from 9.2% in 2013 to 11.1% in 2014. The increase of the administrative expenses was primarily due to the increase of employee benefit expenses.

Net Finance Income/Cost

The Group recorded a net finance cost of RMB290.1 million in 2014 as compared with RMB168.0 million in 2013.

Income Tax Expense

During the year ended 31 December 2014, the Company recorded an income tax expense of RMB22.6 million as compared to an income tax expense of RMB83.4 million in 2013.

(Loss)/profit Attributable to Equity Holders of the Company

As a result of the foregoing, the loss attributable to the equity holders of the Company for 2014 was RMB126.8 million, compared to a profit of RMB228.5 million recorded for 2013. The adjusted loss attributable to the equity holders of the Company for 2014 was RMB293.9 million, compared to a profit of RMB330.9 million recorded for 2013.

Liquidity and Capital Resources

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

As at 31 December 2014, the Group had total outstanding bank borrowings of RMB3,458.4 million and total outstanding convertible bonds of RMB860.4 million, while the outstanding bank borrowings and outstanding convertible bonds in 2013 were RMB3,786.0 million and RMB837.6 million, respectively. The Group's gearing ratio (total borrowings including convertible bonds to total equity) as at 31 December 2014 was 41.3%, a decrease of 2.4 percentage points as compared to 43.7% as at 31 December 2013.

Operating activities

Net cash generated from operating activities was RMB44.3 million in 2014, while the Group's net loss before tax for the same period was RMB104.4 million. The difference of RMB148.7 million was primarily due to a RMB518.9 million depreciation of fixed assets, a RMB18.7 million decrease in inventories and a RMB297.1 million increase in trade and other payables that was partially offset by a RMB420.3 million increase in trade and other receivable.

Investing activities

Net cash used in investing activities in 2014 was RMB173.2 million as compared to net cash used in investing activities of RMB133.8 million in 2013, mainly due to the increase in purchase of property, plant and equipment and investment in availible-for-sale financial assets despite restricted cash decreased.

Financing activities

Net cash used in financing activities in 2014 was RMB113.1 million as compared to net cash used in financing activities of RMB177.7 million in 2013.

Capital Expenditures

Capital expenditures primarily comprised purchase of property, plant and equipment, and additions to land use rights. The Group's annual total capital expenditures in 2014 increased significantly compared to the previous year. During the year ended 31 December 2014, the Group spent RMB411.4 million on the purchase of property, plant and equipment and RMB72.4 million on the acquisition of land use rights.

As at 31 December 2014, the Group had capital commitments of RMB175.7 million for the purchase of property, plant and equipment.

The Group expects that its capital expenditures in 2015 will be reduced compared with 2014. In 2015, the Group plans to finance its capital expenditure requirements primarily with cash generated from its operations and bank loans.

Analysis on Turnover of Inventories and Trade Receivables

The Group's inventories primarily consisted of raw materials (including packaging materials, juice concentrates, purees, sugars and additives) and finished goods (including juices and the beverage products). Raw materials made up the majority of the Group's inventories. Turnover days for raw materials and finished goods decreased/increased from 142 and 12 days, respectively, in 2013 to 128 and 20 days, respectively, in 2014.

Turnover days for trade receivables in 2014 increased to 126 days from 91 days in 2013 primarily due to a 7.6% increase in sales for the second half of 2014 compared to the same period of 2013.

Contingent Liabilities

As at 31 December 2014, the Group did not have any material contingent liabilities.

Off-Balance Sheet Transactions

As at 31 December 2014, the Group had not entered into any off balance sheet transactions.

Pledge of Assets

As at 31 December 2014, 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 2014, the Group did not have any capital leases.

MARKET RISKS

The operating activities of the Group exposed 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 was carried out by the group treasury through identifying, evaluating and hedging 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. The Group's interest rate risk mainly arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. As at each balance sheet date, substantially all of the Group's borrowings were carried at variable market lending rates.

At 31 December 2014, if interest rates on US dollar-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax loss for the year would have been RMB14.5 million (2013: RMB14.0 million) higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings.

Foreign Exchange Rate Risk

The Group's production depends on importation of certain raw materials and equipment, and the Group is exposed to foreign currency exchange risk arising from various currency exposures primarily with respect to the United States Dollar ("USD") and the Euro. The Group is also exposed to foreign currency exchange risk arising from the bank deposits, convertible bonds and bank borrowings denominated in the USD. The Group did not use forward contract/derivative instruments in 2014 but may use them from time to time to hedge against certain material foreign exchange exposures.

As at 31 December 2014, if the RMB strengthened/weakened by 5% against the USD or the Euro with all other variables remaining unchanged, the Group's post-tax loss for 2014 would have been decreased/increased by RMB113.7 million (2013: RMB115.7 million), mainly due to the foreign exchange gains/losses on retranslation of USD-denominated convertible bonds and bank borrowings.

Credit risk

The Group has no significant concentration of credit risk. Most of the Group's sales are settled in cash or by cheque by its customers on delivery of goods, while 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, and will monitor the utilization of credit limits on a regular basis. 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 RMB575.5 million as at 31 December 2014 (2013: RMB479.5 million), representing 33% of the total balance of trade receivables as at 31 December 2014 (2013: 40%).

EMPLOYEES AND WELFARE CONTRIBUTION

As at 31 December 2014, the Group had 17,736 employees (2013: 7,121 employees). The employees' remuneration packages are determined with reference to their experience and qualifications and general market conditions.

As at 31 December 2014, the Group's employees' deployment by function was as follows:

Functions	
Production	2,964
Selling and Marketing	11,047
Management and other administration	2,677
Research and development (including quality assurance)	438
Finance and accounting	526
Purchase and supply	84
Total headcount	17,736

The Group enters into individual employment contracts with its employees, which 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 six months. The Group rewards its employees for innovations and improvements by giving them incentive bonuses and granting share options and awarded shares pursuant to its share option schemes and share award schemes.

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 internal and external vocational training courses for its employees. These training courses cover a broad spectrum, including basic production process and technical skills training and professional development courses for management personnel.

In accordance with relevant 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 Federation of Trade Unions. The labor union organizes various activities to improve the quality of life for our employees.

Report of the Directors

The board of directors of the Company present this report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2014.

Principal activities

The Company was incorporated in the Cayman Islands on 14 September 2006 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company is an investment holding company. The Company's principal subsidiaries are primarily engaged in the manufacturing and sales of juice products, fruit juice concentrates and purees. Details of the activities of the subsidiaries of the Group are set out in note 10 to the consolidated financial statements on pages 98 to 100 of this annual report.

Results and dividends

The consolidated results of the Group for the year ended 31 December 2014 are set out on page 60 of this annual report. The Board has resolved not to recommend payment of final dividend for the year ended 31 December 2014.

Property, plant and equipment

Details of movements in the property, plant and equipment of the Group are set out in note 8 to the consolidated financial statements on page 95 to 96 of this annual report.

Summary of financial information

A summary of the Group's results, assets, liabilities and non-controlling interests for the last five financial years is set out in the section headed "Financial Highlights" on page 4 of this annual report.

Share capital

Details of the movement in the Company's share capital during the year ended 31 December 2014 are set out in note 18 to the consolidated financial statements on page 111 of this annual report.

Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Report of the Directors (Continued)

Reserves

Details of movements in the reserves of our Company for the year ended 31 December 2014 are set out in note 19 to the consolidated financial statements on page 112 of this annual report.

Distributable reserves

As at 31 December 2014, the Company's distributable reserves were RMB484 million.

Directors

The Directors who held office during the year ended 31 December 2014 and up to the date of this report are:

Executive Directors:

Mr. Zhu Xinli *(Chairman)*
Ms. Zhu Shengqin[1]
Mr. Jiang Xu[1]
Mr. Lee Wen-chieh[2]
Mr. Cui Xianguo[2]

Non-executive Director:

Mr. Andrew Y. Yan

Independent non-executive Directors:

Mr. Leung Man Kit
Mr. Song Quanhou
Mr. Zhao Chen
Ms. Zhao Yali

Notes:

1. Mr. Jiang Xu resigned as an executive Director of the Company effective on 29 August 2014; Ms. Zhu Shengqin was appointed as an executive Director with effect immediately after Mr. Jiang's departure to fill the vacancy.

2. Mr. Lee Wen-chieh resigned as an executive Director of the Company effective immediately after the conclusion of the board meeting of the Company on 18 March 2014; Mr. Cui Xianguo was appointed as an executive Director with effect immediately after Mr. Lee's departure to fill the vacancy.

In accordance with the Company's articles of association, Mr. Zhu Xinli, Mr. Andrew Y. Yan and Mr. Song Quanhou will retire from office as Director by rotation at the forthcoming annual general meeting ("AGM") and, being eligible, offer themselves for re-election.

Independence of the independent non-executive Directors

The Board has received from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Hong Kong Listing Rules, and considers that all the independent non-executive Directors are independent.

Biographical details of the Directors and the senior management

Biographical details of the Directors and the senior management of the Group as at the date of this report are set out in the section headed "Directors and Senior Management" on pages 48 to 54 of this annual report.

Directors' service contracts

None of the Directors (including those Directors proposed for re-election at the forthcoming AGM) has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' and controlling shareholder's interests in contracts

Save for the related party transactions of the Group with the companies controlled by Mr. Zhu Xinli, an executive Director, no other Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group for the year ended 31 December 2014.

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

As at 31 December 2014, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 of the Hong Kong Listing Rules (the "Model Code"), were as follows:

Long positions in the ordinary shares of the Company as at 31 December 2014

Name of director	Personal interest	Family interest	Corporation interest	Other interest	Number of shares	Percentage of the Company's issued share capital
Zhu Xinli	–	–	1,601,808,608[a]	–	1,601,808,608[a]	63.36%
Andrew Y. Yan	–	–	232,497,501[b]	–	232,497,501[b]	9.18%
	150,000[c]		–		150,000[c]	0.01%
Leung Man Kit	150,000[c]	–	–	–	150,000[c]	0.01%
Song Quanhou	150,000[c]	–	–	–	150,000[c]	0.01%
Zhao Chen	150,000[c]	–	–	–	150,000[c]	0.01%
Zhao Yali	150,000[c]	–	–	–	150,000[c]	0.01%

Long positions in the underlying ordinary shares of the Convertible Preference Shares of the Company as at 31 December 2014

Name of director	Personal interest	Family interest	Corporation interest	Other interest	Number of shares	Percentage of the Company's issued share capital
Zhu Xinli	–	–	125,326,877[a]	–	125,326,877[a]	4.95%

Notes:

(a) These shares were beneficially owned by China Huiyuan Holdings, which is indirectly wholly-owned by Mr. Zhu Xinli through Huiyuan Holdings. As Mr. Zhu Xinli is entitled to exercise more than one-third of the voting power at the general meetings of China Huiyuan Holdings, by virtue of the SFO, Mr. Zhu Xinli is deemed to be interested in the shares held by China Huiyuan Holdings. Mr. Zhu Xinli also serves as a director of China Huiyuan Holdings and Huiyuan Holdings, respectively. As at the date of this report, Mr. Zhu Xinli was interested in an aggregate of 1,604,416,108 ordinary shares and an aggregate of 125,326,877 Convertible Preference Share of the Company.

(b) These shares were beneficially owned by Sino Fountain Limited, which is indirectly wholly-owned by SAIF III GP Capital Ltd., through its indirect wholly-owned shareholding of SAIF III GP, L.P. SAIF III GP Capital Ltd. is indirectly wholly-owned by Mr. Andrew Y. Yan. Therefore, Mr. Andrew Y. Yan is deemed to be interested in the shares held by Sino Fountain Limited.

(c) Mr. Andrew Y. Yan, Mr. Leung Man Kit, Mr. Song Quanhou, Mr. Zhao Chen and Ms. Zhao Yali hold share options in respect of these shares.

To the best knowledge of the Directors, save as disclosed above, as at 31 December 2014, none of the Directors or chief executives of the Company has or is deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them has taken or deemed to have taken under the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which will be required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

Directors' rights to acquire shares

Save as disclosed in the paragraph headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" in this report, at no time during the year ended 31 December 2014 or the period following 31 December 2014 up to the date of this report, was the Company or any of its subsidiaries or holding company or any of the subsidiaries of the Company's holding company a party to any arrangement to enable the Directors or the chief executive of the Company or their respective associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors and chief executive, or their spouse and children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during such period.

Share Option Schemes

The Company has adopted two share option schemes, namely the Pre-IPO Share Option Scheme and the Share Option Scheme, the details of which are set out below:

1. Pre-IPO Share Option Scheme

The Company adopted the Pre-IPO Share Option Scheme on 30 January 2007. The purpose of our Pre-IPO Share Option Scheme is to provide certain members of senior management of the Group an opportunity to have a personal stake in the Company and motivate the grantees to optimize their performance and efficiency to facilitate the long-term growth and profitability of the Group.

All options which have been granted by the Company under the Pre-IPO Share Option Scheme lapsed during the year of 2011 and no option can be granted under the Pre-IPO Share Option Scheme.

2. Share Option Scheme

The Share Option Scheme was approved on 30 January 2007. The purpose of the Share Option Scheme is to provide incentive and/or reward to any director or employee of the Group or of any entity in which the Company has equity interest, any executive of the controlling shareholder of the Group, and any other person (including any consultant, adviser, distributor, contractor, supplier, agent, customer, business partner, joint venture business partner, promoter or service provider of any member of the Group) who in the sole discretion of the Board has contributed or will contribute to the Group for their contribution to the Group and their continuing efforts to promote the Group's interests.

The Board may, at its absolute discretion, offer an option to eligible person to subscribe for the shares at an exercise price and subject to the other terms of the Share Option Scheme.

The total number of shares which may be issued upon exercise of all options to be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme shall not in aggregate exceed 138,749,750 shares of the Company, being 10% of the total number of shares in issue immediately prior to the date on which dealings in the shares of the Company commenced on the Hong Kong Stock Exchange. The total number of shares issued and to be issued upon the exercise of the options granted to or to be granted to each eligible person under the Share Option Scheme and any other schemes of the Company or any of its subsidiaries (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the shares of the Company in issue.

The Share Option Scheme will remain in force for a period of 10 years from 23 February 2007 and the options granted have a 10-year exercise period. The relevant grantees may exercise his/her option in accordance vesting schedules determined by the Board.

Movement of the options granted under the Share Option Scheme during the year ended 31 December 2014 is as follows:

Name of grantee	Date of grant	Date of expiry	Exercise price per share (HK$)	Number of underlying shares comprised in the outstanding options as at 1 January 2014	Number of underlying shares comprised in the options granted during the year	Number of underlying shares comprised in the options lapsed during the year	Number of underlying shares comprised in the options exercised during the year	Number of underlying shares comprised in the outstanding options as at 31 December 2014
A total of 515 employees	25 February 2008	25 February 2018	6.39	13,769,792	–	1,017,000	–	12,752,792
Andrew Y. Yan	20 March 2014	20 March 2024	6.12	–	150,000	–	–	150,000
Leung Man Kit	20 March 2014	20 March 2024	6.12	–	150,000	–	–	150,000
Song Quanhou	20 March 2014	20 March 2024	6.12	–	150,000	–	–	150,000
Zhao Chen	20 March 2014	20 March 2024	6.12	–	150,000	–	–	150,000
Zhao Yali	20 March 2014	20 March 2024	6.12	–	150,000	–	–	150,000
A total of 129 employees	20 March 2014	20 March 2024	6.12	–	27,180,000	9,250,000	–	17,930,000
				13,769,792	27,930,000	10,267,000	–	31,432,792

As at the date of this report, other than information disclosed above, no further options were granted under the Share Option Scheme and none of the share options granted under the Share Option Scheme had been exercised.

Share Award Schemes

The Company has adopted the Employees Share Award Scheme and the CEO & Directors Share Award Scheme (together the "Share Award Schemes") for the purposes of (a) recognizing the contributions by certain eligible persons and incentivizing them for the continuing operation and development of the Group and (b) attracting suitable personnel for further development of the Group. Pursuant to the Share Award Schemes, shares will be acquired by an independent trustee at the cost of the Company or shares will be allotted to the independent trustee under the general mandate granted or to be granted by the shareholders of the Company at general meetings from time to time and be held in trust for the awarded persons until the end of each vesting period.

It is intended that awarded shares under the Share Award Schemes will be offered to the employee (whether full time or part time) of the Company or any member of the Group, or any director (including, without limitation, any executive, non-executive or independent nonexecutive directors) or any consultant or consulting firm engaged by any member of the Group (the "Eligible Person") to take up for no consideration but subject to certain conditions (including but not limited to, vesting schedule) to be determined by the Board at the time of grant of the awarded shares under the Share Award Schemes.

The maximum number of ordinary shares that may be awarded by the Board pursuant to the CEO & Directors Share Award Scheme and the Employee Share Award Scheme must not, on an aggregate basis, exceed 0.50% of the issued ordinary shares in the capital of the Company as at 19 March 2014 (the "Effective Date"), being 10,042,293 Shares. Unless terminated earlier by the Board in accordance with the terms of the Share Award Schemes, the schemes operate for 10 years starting on the Effective Date. No contribution to the trusts will be made by the Company on or after the 10th anniversary of the Effective Date. The Share Award Schemes are operated in parallel with the Company's Share Option Scheme adopted on 30 January 2007.

During the year ended 31 December 2014, a total of 6,042,293 and 2,000,000 awarded shares were granted respectively under the CEO & Directors Share Award Scheme and the Employee Share Award Scheme. Details of the Share Award Schemes are set out in note 20 to the audited consolidated financial statements as included in this annual report.

Substantial shareholders' and other persons' interests and short positions in shares and underlying shares

As at 31 December 2014, so far as are known to the Board, the following parties were recorded in the register, kept by the Company pursuant to Section 336 of the SFO, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

Long positions in the ordinary shares of the Company as at 31 December 2014

Name	Number of shares	Percentage of the Company's share capital
Mr. Zhu Xinli[a]	1,601,808,608(L)	63.36%
Huiyuan Holdings[a]	1,601,808,608(L)	63.36%
China Huiyuan Holdings	1,601,808,608(L)	63.36%
Entie Commercial Bank	337,497,501(L)	13.33%
Sino Fountain Limited[b]	232,497,501(L)	9.18%
SAIF III GP Capital Ltd.[b]	232,497,501(L)	9.18%
Mr. Andrew Y. Yan[b]	232,497,501(L)	9.18%
Temasek Holdings (Private) Limited	219,781,132(L)	8.68%
	219,781,132(S)	8.68%
Stichting Pensioenfonds ABP	98,774,501(L)	3.90%
China Orient Assets Management Corporation	1,001,864,000(L)	39.56%

Long positions in the underlying ordinary shares of the Convertible Preference Shares of the Company as at 31 December 2014

Name of director	Personal interest	Family interest	Corporation interest	Other interest	Number of shares	Percentage of the Company's issued share capital
Zhu Xinli[a]	—	—	125,326,877	—	125,326,877	4.95%

Notes:

(a) Huiyuan Holdings is wholly-owned by Mr. Zhu Xinli and China Huiyuan Holdings is a wholly-owned subsidiary of Huiyuan Holdings. Each of Mr. Zhu Xinli and Huiyuan Holdings is therefore deemed to be interested in the shares held by China Huiyuan Holdings. Mr. Zhu Xinli also serves as a director of China Huiyuan Holdings and Huiyuan Holdings, respectively. As at the date of this report, Mr. Zhu Xinli was interested in an aggregate of 1,604,416,108 ordinary shares and an aggregate of 125,326,877 Convertible Preference Share of the Company.

(b) Sino Fountain Limited is indirectly wholly-owned by SAIF III GP Capital Ltd., through its indirect wholly-owned shareholding of SAIF III GP, L.P. SAIF III GP Capital Ltd. is indirectly wholly-owned by Mr. Andrew Y. Yan. Therefore, Mr. Andrew Y. Yan is deemed to be interested in the shares held by Sino Fountain Limited.

Save as disclosed above, as at 31 December 2014, the Directors are not aware of any persons who should be registered an interest or short positions in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

On 21 October 2013, the Company issued 447,322,020 ordinary shares and 655,326,877 convertible preference shares as the consideration for the acquisition of juice concentrates and purees production business from the Company's controlling shareholder, China Huiyuan Holdings. The convertible preference shares are convertible into the ordinary shares as 1:1 basis subject to satisfaction of the minimum public float requirements under the Listing Rules.

During the year ended 31 December 2014, the Company issued a total of 530,000,000 ordinary shares upon conversion of the convertible preference shares on 1:1 basis.

During the year ended 31 December 2014, the Company redeemed an aggregate principal amount of US$117.30 million of the convertible bonds due 2016 (the "2016 CB"). The redeemed convertible bonds of US$117.30 million represent approximately 78.2% of the principal amount of US$150 million of the 2016 CB. As at the date of this annual report, an aggregate of US$32.70 million 2016 CB remained outstanding.

In March 2014, the Company issued the convertible bonds due on 30 April 2019 in an aggregate principal amount of US$150,000,000 (the "2019 CB"). The 2019 CB may be converted during the period up to seven (7) business days before the maturity date, being 30 April 2019, at the initial Conversion Price of HK$7.00, subject to adjustment by reference to the agreed adjusted EPS of the Company on the relevant conversion date of the 2019 CB, provided always that the Conversion Price in effect on the relevant conversion date shall not be less than HK$5.30 nor exceed HK$7.00.

During the year ended 31 December 2014, none of the 2019 CB was converted or redeemed.

Save as above and other than the share option scheme described in the paragraph titled "Share Option Scheme" above and in note 20 to the financial statements, the Company had no outstanding convertible securities, options, warrants or similar rights at 31 December 2014.

Purchase, sale or redemption of the Company's listed securities

During the year ended 31 December 2014, the Company issued an aggregate of 2,000,000 ordinary shares pursuant to its Employee Share Award Scheme.

Save as above and other than the disclosure in the paragraph titled "Convertible Securities, Options, Warrants or Similar Rights" above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2014.

Employment and emolument policies

The Group had 17,736 employees as at 31 December 2014, as compared to 7,121 employees as at 31 December 2013. The emolument policy of the employees of the Group is set up by the Board on the basis of merit, qualifications and competence. The emoluments payable to the directors will depend on their respective contractual terms under their employment contracts or service agreements as approved by the Remuneration and Nomination Committee, having regard to the

Company's operating results, individual performance and comparable market statistics. No director should determine his or her own remuneration.

Details of the Directors' emoluments and emoluments of the five highest paid individuals in the Group are set out in note 28 to the consolidated financial statements on pages 127 to 130 of this annual report.

The Company has also adopted the Pre-IPO Share Option Scheme, the Share Option Scheme and the Share Award Schemes as incentives for Directors and eligible employees. Details of the schemes are set out under the paragraphs titled "Share Option Schemes" and "Share Award Schemes" of this report and in note 20 to the financial statements on pages 112 to 115 of this annual report.

Retirement benefits scheme

The Group has participated in the Mandatory Provident Fund in Hong Kong. The employees of the PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The employees of the PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The Group is also required to make certain contributions under the scheme.

Major customers and suppliers

In the year ended 31 December 2014, sales to the Group's five largest customers accounted for less than 30% of the total sales for the year. Purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the year.

Banking facilities and other borrowings

Save as disclosed below, the Directors are not aware of any circumstances which would be required to disclose herein pursuant to the requirements under Rule 13.21 of the Hong Kong Listing Rules.

- On 11 June 2012, the Company entered into an agreement (the "2012 First Facility Agreement") with a bank relating to a term loan facility in an aggregate principal amount of US$100,000,000, with the final maturity date on 15 June 2015.

- On 29 August 2012, the Company entered into another agreement (the "2012 Second Facility Agreement), with another bank relating to a three-year term loan facility in an aggregate principal amount of US$93,000,000.

- On 1 April 2014, the Company entered into a facility agreement (the "2014 First Facility Agreement") with a bank relating to a term loan facility in an aggregate principal amount of US$140,000,000 with a term of three years.

- On 25 June 2014, the Company as borrower entered into a facility agreement (the "2014 Second Facility Agreement") with a bank relating to a term loan facility in an aggregate principal amount of US$20,000,000 with a term of three years.

- On 30 December 2014, the Company as borrower entered into a facility agreement (the "2014 Third Facility Agreement", together with the 2012 First Facility Agreement, the 2012 Second Facility Agreement, the 2014 First Facility Agreement and the 2014 Second Facility Agreement, the "Bank Facility Agreements") with a bank relating to a term loan facility in an aggregate principal amount of US$48,000,000 with a term of two years.

Due to that each of the Bank Facility Agreements contains a condition imposing specific performance obligations on the controlling shareholder of the Company, and breach of such obligation will cause a default under the relevant facility agreement, the Company made an announcement pursuant to the requirements of Rule 13.18 of the Listing Rules on 11 June 2012, 29 August 2012, 1 April 2014, 25 June 2014 and 31 December 2014, respectively. For details of such obligations, please refer to those announcements.

As at 31 December 2014, the outstanding amount owed by the Company under the 2012 First Facility Agreement, the 2012 Second Facility Agreement, the 2014 First Facility Agreement, the 2014 Second Facility Agreement and the 2014 Third Facility Agreement, was US$52,000,000, US$93,000,000, US$140,000,000, US$20,000,000 and US$48,000,000, respectively.

Further details of the bank facilities and borrowings of the Company as at 31 December 2014 are set out in note 22 to the consolidated financial statements on pages 117 to 118 of this annual report.

Corporate governance

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 the shareholders of the Company.

The Company has adopted the code provisions set out in the Appendix 14 of the Hong Kong Listing Rules (the "Old Code") since its listing on the Hong Kong Stock Exchange in 2007, and has, since 1 April 2012, adopted the revised code provisions set out in the Appendix 14 of the Hong Kong Listing Rules (the "New Code", together with the "Old Code", the "Governance Code") as currently in force at the date of this report 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 practice practices.

The Company has complied with the Governance Code in the year ended 31 December 2014. Information on the corporate governance practice adopted by the Company is set out in the Corporate Governance Report on pages 36 to 47 of this annual report.

Report of the Directors (Continued)

Model Code for Securities Transactions

The Company has adopted the Model Code as the standards for the Directors' dealings in the securities of the Company. Having made specific enquiry with all the Directors, they have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2014. Details of our Company's compliance with the Model Code are set out in the Corporate Governance Report on pages 36 to 47 of this annual report.

Sufficiency of public float

According to the information that is publicly available to the Company and within the knowledge of the Board, as at 31 December 2014, the Company has maintained sufficient public float as required under the Hong Kong Listing Rules.

Connected transactions

Continuing Connected Transactions

(1) *Raw Materials Purchase and Recyclable Containers Sales*

During the year ended 31 December 2014, the Group continued to carry out certain non-exempt continuing connected transactions pursuant to the Raw Materials Purchase and Recyclable Containers Sales Agreement (the "2013 Supply and Sale Agreement") which was entered into on 23 May 2013 between the Company and Beijing Huiyuan Beverage & Food Group Co. Ltd. ("Beijing Huiyuan Beverage"), an associate of Mr. Zhu Xinli for the members of the Group to purchase fructose and agricultural products from and to sell used and recyclable containers to Beijing Huiyuan Beverage and its associates. As Mr. Zhu Xinli, being a director and the controlling shareholder of the Company, is a connected person of the Company, the transactions contemplated under the Raw Materials Purchase and Recyclable Containers Sales Agreement constitute continuing connected transactions for the Company subject to reporting, announcement, and annual review requirements under the Listing Rules, but not subject to the independent shareholders' approval.

The aggregate amount of each of the raw materials purchase and the recyclable container sales for the year ended 31 December 2014 and the respective annual caps under the 2013 Supply and Sale Agreement are set out below:

	1 January 2014 to 31 December 2014 Aggregate Amount (RMB'000)	Annual Cap (RMB'000)
Purchase of raw materials	136,677	145,084
Sale of used and recyclable containers	11,989	12,005

(2) *Transportation Service*

On 12 May 2014, 北京滙源食品飲料有限公司 (Beijing Huiyuan Food & Beverage Co., Ltd., "Shunyi Huiyuan"), an indirect wholly-owned subsidiary of the Company, entered into the Transportation Service Agreement with 北京滙源集團(蘇州)兆豐物流有限公司 (Beijing Huiyuan Group (Suzhou) Zhaofeng Logistics Co., Ltd., "Zhaofeng Logistics"), pursuant to which Zhaofeng Logistics agreed to provide transportation services to Shunyi Huiyuan with a maximum transaction amount of RMB70 million for a term of eight (8) months commencing from 1 May 2014 and ending on 31 December 2014.

Zhaofeng Logistics is an associate of Mr. Zhu Xinli, the Chairman, an executive director and the controlling shareholder of the Company, therefore, the transportation services contemplated under the Transportation Service Agreement constitutes continuing connected transactions, for the Company under Chapter 14A of the Listing Rules.

The Transportation Service Agreement provides that the provision of transportation services by Zhaofeng Logistics to Shunyi Huiyuan shall be carried out on normal commercial terms which are no less favorable than those offered by independent third parties to the Group. The fees for the transportation services provided shall be paid in accordance with a fee schedule which was set by reference to transportation distance and determined through a tender process in which 16 services providers (including Zhaofeng Logistics) were invited to participate.

The total consideration payable for the transportation services provided by Zhaofeng Logistics during the year ended 31 December 2014 in accordance with the Transportation Services Agreement is RMB18,627,000, which does not exceed the annual cap of RMB70 million which was disclosed in the Company's announcement dated 12 May 2014.

Annual review of continuing connected transactions

The independent non-executive Directors have reviewed the aforementioned continuing connected transactions and confirmed that these transactions were entered into:

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

(2) on normal commercial terms; and

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

PricewaterhouseCoopers, the auditor of the Company, was engaged to report on the above continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants, and reported their conclusions to the Board that the transactions:

(1) have been approved by the Board;

(2) have been in accordance with the pricing policies of the Group for transactions involving the provision of goods by the Group;

(3) have been entered into in accordance with the relevant agreements governing the transactions; and

(4) have not exceeded the annual caps disclosed in the announcements of the Company dated 23 May 2013 and 12 May 2014.

Related party transactions

During the year ended 31 December 2014, the Group has entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. Details of such related party transactions are set out in note 39 to the consolidated financial statements on pages 140 to 142 of this annual report. These related party transactions included non-exempt continuing connected transactions between the Group and companies controlled by Mr. Zhu Xinli, the Chairman and controlling shareholder of the Company, as disclosed in the paragraph headed "Connected Transaction" in this report.

Non-competition Deed

As disclosed in the Prospectus, the independent non-executive Directors will review, on an annual basis, (i) the compliance by Mr. Zhu Xinli, the controlling shareholder of the Company, and his associates with the non-competition undertakings under the Non-competition Deed (as amended on 23 May 2013); and (ii) all the decisions taken in relation to whether to exercise the options pursuant to the Non-competition Deed and whether to pursue any business opportunities which may be referred or offered to the Company by Mr. Zhu Xinli and his associates pursuant to the Non-competition Deed. The independent non-executive Directors have conducted such review for the year ended 31 December 2014 and are satisfied that the Non-competition Deed has been fully complied.

Financial Management and Audit Committee

The Group's annual report for the year ended 31 December 2014 has been reviewed by the Financial Management and Audit Committee. Information of the work of the Financial Management and Audit Committee and its composition are set out in the Corporate Governance Report on pages 36 to 47 of this annual report.

Auditor

The consolidated financial statements of the Group for the year ended 31 December 2014 have been audited by PricewaterhouseCoopers.

By order of the Board
Zhu Xinli
Chairman

Beijing, 26 March 2015

Corporate Governance Report

The Company is committed to maintaining a high standard of corporate governance practice for enhancing accountability and transparency of the Company to its investors and shareholders.

The Company has adopted the code provisions set out in the Appendix 14 of the Hong Kong Listing Rules (the "Old Code") since its listing on the Hong Kong Stock Exchange in 2007. On 1 April 2012, amendments to the Old Code (the "New Code", together with the "Old Code", the "Governance Code") came into force. The Company has then adopted the Governance Code as currently in force at the date of this report as its own code to govern its corporate governance practices.

During the year ended 31 December 2014, the Company has complied with the code provisions set out in the Governance Code.

Directors' securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as contained in Appendix 10 of the Hong Kong Listing Rules as the standards for the Directors' dealings in the securities of the Company. Having made specific enquiry with all the directors of the Company ("Director(s)"), the Company confirms that the Directors have complied with the required standards set out in the Model Code during the year ended 31 December 2014.

Board of Directors

Board responsibilities

The Board is responsible for the overall management of the Company, including establishing and overseeing the Company's strategic development, business plans, financial objectives, capital investment proposals and assumes the responsibilities of corporate governance of the Company. The Board gave their input and considered the priorities and initiatives, aiming at developing a sustainable plan for the Company to generate and preserve its long-term corporate values and to achieve its business strategies and objectives.

The Board may from time to time delegate all or any of its powers that it may think fit to a Director or member of senior management of the Company. The Board has formulated clear and specific rules and policies on such delegation of power to facilitate efficient operation of the Company and is supported by three board committees, which are the Remuneration and Nomination Committee, the Financial Management and Audit Committee, and the Strategy and Development Committee (collectively, the "Board Committees").

The Board has also regularly reviewed the contribution of each Director to performing his/her responsibilities to the Company and whether the Director is spending sufficient time performing them. The Directors are also required to inform the Board of any change to their significant commitments on a timely basis.

The Company has arranged for appropriate insurance for all Directors in respect of legal actions against the Directors arising out of corporate activities.

Board members

The Board, as at the date of this report, consists of eight directors, including three executive Directors, one non-executive Director and four independent non-executive Directors:

Executive Directors:
Mr. Zhu Xinli *(Chairman)*
Ms. Zhu Shengqin[1]
Mr. Cui Xianguo[2]

Non-executive Director:
Mr. Andrew Y. Yan

Independent non-executive Directors:
Mr. Leung Man Kit
Mr. Song Quanhou
Mr. Zhao Chen
Ms. Zhao Yali

Notes:

1. Ms. Zhu Shengqin was appointed as an executive Director effective on 29 August 2014.

2. Mr. Cui Xianguo was appointed as an executive Director effective on 18 March 2014.

There is no financial, business, family or other material or relevant relationships among the Directors of the Company except that Ms. Zhu Shengqin is Mr. Zhu Xinli's daughter.

An updated list of the Directors is maintained on our Company's website and the Stock Exchange's website. The details of the Directors' biographical information are contained in the section headed "Directors and Senior Management" of this annual report.

The Company has adopted a Board Diversity Policy as required by the Listing Rules. The Company recognizes and embraces the benefits of having a diverse Board to the quality of its performance. The Board Diversity Policy aims to set out the approach to achieve diversity on the Board. The Remuneration and Nomination Committee will evaluate the balance and blend of skills, experience and diversity of perspectives of the Board. Selection of candidates will be based on a range of diversity experiences, including but not limited to age, gender, cultural and educational background, and merit and contribution that the selected candidates will bring to the Board.

Corporate Governance Report (Continued)

Independent non-executive Directors

More than one-third of the members of the Board are independent non-executive directors. Mr. Leung Man Kit, an independent non-executive Director, has appropriate accounting/financial management expertise in compliance with Rule 3.10 of the Hong Kong Listing Rules. The Company has received an annual confirmation from each of the independent non-executive Directors on their respective independence pursuant to Rule 3.13 of the Hong Kong Listing Rules and considers that each of them to be independent.

Appointment, re-election and removal of Directors

All of the non-executive and independent non-executive Directors were appointed for a term of three years, which may be terminated according to the articles of association of the Company and any applicable laws, and subject to retirement by rotation at the annual general meeting ("AGM") of the Company once every three years in accordance with the articles of association. Independent non-executive Directors serving up to the maximum term of 9 years is only eligible for reappointment by separate shareholders' resolution. None of the independent non-executive Directors has served more than 9 years.

In accordance with the Company's articles of association, Mr. Zhu Xinli, Mr. Andrew Y. Yan and Mr. Song Quanhou will retire from office as Director by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

Board meetings

Notices for regular board meetings are given to each member of the Board at least 14 days prior to the meeting, whereby the Directors can put forward his/her proposed items into the agenda. The agenda and the relevant board papers are then circulated to the Directors 3 days before a Board meeting to enable them to make informed decisions at the meeting. Drafts of the Board minutes and Board Committee meeting minutes are circulated to the Directors and the relevant Board Committee members respectively for their review before finalization. The final versions of these minutes are available for inspection by the Board and auditor of the Company.

Attendance

Code Provision A.1.1 of the Governance Code stipulates that the board should meet regularly and meetings should be held at least four times a year at approximately quarterly intervals. During the year ended 31 December 2014, the Board convened a total of 7 Board meetings, 2 Remuneration and Nomination Committee meetings, 2 Financial Management and Audit Committee meetings, and 1 Strategy and Development Committee meeting, based on the need of the operation and business development of the Company. Besides, the Directors also attended the 2014 AGM to understand the views of the shareholders.

Details of attendance are as follows:

Name	Board meetings	Remuneration and Nomination Committee	Financial Management and Audit Committee	Strategy and Development Committee	2014 AGM
		Board Committee meetings			
	(Times of attendance in person/Times of meetings)[1]				
Executive Directors:					
Zhu Xinli *(Chairman of the Board)*	5/7	N/A	N/A	1/1	1
Zhu Shengqin[2]	1/7	N/A	N/A	N/A	1
Cui Xianguo[3]	6/7	N/A	N/A	N/A	1
Jiang Xu[2]	5/7	N/A	N/A	N/A	1
Lee Wen-chieh[3]	1/7	N/A	N/A	N/A	1
Non-executive Director:					
Andrew Y. Yan	6/7	2/2	N/A	1/1	1
Independent non-executive Director:					
Leung Man Kit	7/7	2/2	2/2	N/A	1
Song Quanhou	6/7	2/2	2/2	N/A	1
Zhao Chen	7/7	N/A	2/2	N/A	1
Zhao Yali	6/7	N/A	N/A	1/1	1

Notes:

(1) Directors who did not attend the meeting(s) in person have his/her proxy to attend and vote on his/her behalf at the meeting(s). Subject to the Company's articles of association and the applicable laws of Cayman Islands, the attendance by a director at a Board meeting by electronic means is counted as physical attendance at the meeting.

(2) Mr. Jiang Xu resigned as an executive Director of the Company effective on 29 August 2014; Ms. Zhu Shengqin was appointed as an executive Director with effect immediately after Mr. Jiang's departure to fill the vacancy.

(3) Mr. Lee Wen-chieh resigned as an executive Director of the Company effective immediately after the conclusion of the board meeting of the Company on 18 March 2014; Mr. Cui Xianguo was appointed as an executive Director with effect immediately after Mr. Lee's departure to fill the vacancy.

The Chairman

Mr. Zhu Xinli, acting as the chairman of the Board, is responsible for ensuring that the Directors receive adequate information in a timely manner, good corporate governance practices and procedures are established, all Directors make full and active contribution to the Board's affairs, and the Board acts in the interests of the Company and its shareholders.

Under the leadership of Mr. Zhu, the Board works effectively and performs its responsibilities with all key and appropriate issues discussed in a timely manner. Appropriate steps are taken to provide effective communication between the shareholders and the Board. A culture of openness and constructive relations among Directors are promoted within the Board.

In the year ended 31 December 2014, the chairman of the Board has met with the independent non-executive Directors (without the presence of the executive Directors) to discuss, and obtain independent views of, the Board's affairs.

Board Committees

The Board is supported by three Board Committees, namely the Remuneration and Nomination Committee, the Financial Management and Audit Committee, and the Strategy and Development Committee. The Board Committees are formed with specific written terms of reference which deal clearly with their authority and duties. The Company has provided the Board Committees with sufficient resources and the Board Committees may seek independent professional advice as and when required at the Company's expense.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee currently consists of two independent non-executive Directors, namely, Mr. Song Quanhou (the chairman) and Mr. Leung Man Kit, and one non-executive Director, Mr. Andrew Y. Yan.

The Remuneration and Nomination Committee is responsible for nomination-related duties, including, without limitation, reviewing the structure, size and composition of the Board, making recommendations of suitable candidates to the Board for directorships, assessing independence of the independent non-executive Directors, and making recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors (in particular the chairman of the Board and the chief executive).

The Nomination and Remuneration Committee is also responsible for remuneration-related duties, including, without limitation, making recommendations to the Board on the Company's policy and structure for remuneration of all the Directors and senior management as well as on the specific remuneration packages of the individual executive Directors and senior management, establishing a formal and transparent procedure for development remuneration policy, and ensuring no Director or his/her associate is involved in deciding his/her own remuneration.

At the 2 meetings held during the year ended 31 December 2014, the Remuneration and Nomination Committee has reviewed the Directors' fees in terms of the corporate and individual performance, the employment terms of the senior management team within the Group, and the employee share incentives to be granted.

The term of reference of the Remuneration and Nomination Committee is available on the Company's website and the Hong Kong Stock Exchange's website.

Financial Management and Audit Committee

The Financial Management and Audit Committee currently consists of three independent nonexecutive directors, namely Mr. Leung Man Kit, Mr. Song Quanhou and Mr. Zhao Chen. Mr. Leung Man Kit who has the relevant accounting/financial management expertise, is the chairman of the Financial Management and Audit Committee.

The primary functions of the Financial Management and Audit Committee are to review and supervise the financial reporting, financial control, internal control and risk management systems of the Company, nominate and monitor external auditor, and provide advice and recommendations relating to financial and accounting matters to the Board.

During the year ended 31 December 2014, the Financial Management and Audit Committee has convened 2 meetings and completed the following major work:

(a) met with the Company's external auditor to discuss the audit procedures and accounting issues;

(b) reviewed and discussed the audited annual results for the year ended 31 December 2014 and the unaudited interim results for the six months ended 30 June 2014 with the senior management of the Company;

(c) reviewed the accounting policies adopted by the Group and other issues related to the Company's accounting practice;

(d) supervised the internal audit of the Group;

(e) reviewed the internal control and financial reporting matters of the Group; and

(f) advised on material events or draw the attention of management on related risks.

In addition, the Financial Management and Audit Committee has reviewed arrangements by which employees of the Company can, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters, and it ensures that proper arrangements are in place for fair and independent investigation of such concerns and appropriate follow-up actions.

The term of reference of the Financial Management and Audit Committee is available on the Company's website and the Stock Exchange's website.

Strategy and Development Committee

The Strategy and Development Committee consists of an executive director, an independent nonexecutive director and a non-executive director, namely Mr. Zhu Xinli, Mr. Andrew Y. Yan, and Ms. Zhao Yali, respectively. Mr. Zhu is the chairman of the Strategy and Development Committee.

The primary functions of the Strategy and Development Committee are to:

(a) review and formulate the strategic positioning and future development plans of the Company and make recommendations to the Board regarding any proposed changes;

(b) review market development trends and formulate operating strategies of the Company and make recommendations to the Board regarding any proposed changes; and

(c) review significant transactions including material projects, business expansion, capital expenditure, asset restructuring and operation and make recommendations to the Board regarding any proposed changes.

During the 1 meeting held during the year ended 31 December 2014, the Strategy and Development Committee has reviewed the strategic and development plan of the Group.

Corporate governance functions

The corporate governance functions have been reserved to the Board. During the year ended 31 December 2014, the Board has performed the following work:

(a) developed and reviewed the Company's policies and practices on corporate governance;

(b) reviewed and monitored the training and professional development of Directors and senior management;

(c) reviewed and monitored the Company's compliance with the Governance Code and other legal and regulatory requirements; and

(d) reviewed and monitored the code of conduct and compliance manual applicable to the Directors and employees of the Company.

Training for Directors

The Company has regularly provided the Directors with information of relevant training courses. New Directors, upon appointment, will also be provided with a comprehensive, formal and tailored introduction. The Directors have provided the Company with a record of their training received in 2014. A summary of the Directors' participation in continuous professional training for the year ended 31 December 2014 is as follows:

	Attending briefings/ seminars/conferences	Reading materials/ regulatory updates/ management monthly updates	Paying site visit
Executive directors			
Zhu Xinli	✓	✓	✓
Zhu Shengqin[1]	✓	✓	✓
Cui Xianguo[2]	✓	✓	✓
Jiang Xu[1]	✓	✓	✓
Lee Wen-chieh[2]	✓	✓	✓
Non-executive directors			
Andrew Y. Yan	✓	✓	✓
Independent directors			
Leung Man Kit	✓	✓	✓
Song Quanhou	✓	✓	✓
Zhao Chen	✓	✓	✓
Zhao Yali	✓	✓	

Notes:

(1) Mr. Jiang Xu resigned as an executive Director of the Company effective on 29 August 2014; Ms. Zhu Shengqin was appointed as an executive Director with effect immediately after Mr. Jiang's departure to fill the vacancy.

(2) Mr. Lee Wen-chieh resigned as an executive Director of the Company effective immediately after the conclusion of the board meeting of the Company on 18 March 2014; Mr. Cui Xianguo was appointed as an executive Director with effect immediately after Mr. Lee's departure to fill the vacancy.

Supply of and access to information

All Directors have full and timely access to all relevant information as well as advice and services of the company secretary, with a view to ensuring that the meeting procedures of the Board and all applicable rules and regulations are followed. Upon making request to the Board, all Directors may obtain independent professional advice at the Company's expense for carrying out their functions. The chairmen of the Board Committees also regularly report at Board meetings on their recommendations and activities. The external auditor attended the 2014 AGM and will be invited to attend our forthcoming AGM to answer questions about the conduct of the audit, preparation and content of the auditors' reports, accounting policies, and auditors' independence.

The constitutional documents of the Company are available at the Company's website and the Stock Exchange's website. During the year ended 31 December 2014, in connection with seeking approval from the shareholders to allow the Company to send and supply corporate communications to shareholders by making them available on the website of the Company, the memorandum and articles of association of the Company were amended at the annual general meeting held on 18 June 2014. Other than disclosed above, there is no significant change to the constitutional documents of the Company.

Remuneration of Senior Management

The remuneration policy of the senior management has been recommended, reviewed and approved by the Remuneration and Nomination Committee of the Company. The emoluments of the senior management who served the Group during the year ended 31 December 2014 has been disclosed in note 39 to the consolidated financial statements on page 141 of this annual report.

Accountability and audit

Auditor's remuneration

The remuneration payable to the Company's auditor, PricewaterhouseCoopers, during the year ended 31 December 2014 in relation to non-audit assurance services and audit services are RMB2,880,000 and RMB4,980,000, respectively.

Directors' responsibilities for financial statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company, presenting a balanced, clear and comprehensible assessment of the Company's performance, position and prospects, and for ensuring that the financial statements are prepared in accordance with applicable statutory requirements and accounting standards.

Auditor's statement

The statement of the Company's independent external auditor, PricewaterhouseCoopers, on its reporting responsibilities in respect of the consolidated financial statements of the Group for the year ended 31 December 2014 is set out on pages 55 to 56 of this annual report.

Internal control and risk management

The Board acknowledges that it is responsible for maintaining a sound system of internal controls to safeguard the shareholders' interest. The Group's internal control system has been designed to provide reasonable assurance that assets are safeguarded, operational controls are in place, business risks are suitably reduced, proper accounting records and financial information are maintained, and, where appropriate, relevant legislation, regulation and best practices are complied with.

The Board has delegated to the Financial Management and Audit Committee responsibility for reviewing the effectiveness of the Group's internal control system. The Financial Management and Audit Committee works with the Group's internal audit department to carry out internal audit works based on an internal audit plan which is reviewed and approved by the Financial Management and Audit Committee. The Group's internal audit department reports its findings and recommendations for any corrective action required to the Financial Management and Audit Committee. The Financial Management and Audit Committee reviews the reports submitted by the internal audit department, and the issues on the internal control system of the Group are discussed and evaluated by the Board every year.

During the year ended 31 December 2014, the internal audit department has conducted an examination on various material control aspects including financial, operational and compliance controls with the aim of mitigating the overall business and operational risk of the Group. Internal control reports were submitted to the Financial Management and Audit Committee for review and the findings and recommendations were discussed at the committee meetings. Matters including the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and reporting functions were reviewed.

Management Function

The Company's articles of association set out matters which are specifically reserved to the Board for its decision. The management team of the Company holds meetings regularly to review and discuss with executive Directors on daily operational issues, financial and operating performance as well as to monitor and ensure the management properly implement the directions and strategies set by the Board.

The senior management of the Company has provided the Board with sufficient explanation and information to enable the Board to make an informed assessment of financial and other information put before it for approval. They have also provided monthly updates, including the management accounts and management updates, which gives a balanced and understandable assessment of the Company's performance, position and prospects in sufficient details to the Directors to enable them to discharge their duties.

Company Secretary

Ms. Mok Man Wai was appointed as the company secretary of the Company on 31 December 2013.

Ms. Mok is a director of KCS Hong Kong Limited, she has over 18 years of professional and in-house experience in the company secretarial field. Ms. Mok is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom. She currently acts as the sole company secretary and joint company secretary of various publicly listed companies. Ms. Mok has taken a total of 15 hours of professional training during the year ended 31 December 2014.

Communications with shareholders and investor relations

The Board values the importance of effective communications with the shareholders and the Company is dedicated to maintaining an open dialogue with the investment community to ensure thorough understanding of our Company and our business as well as strategies.

The Company has established a shareholder communication policy to ensure effective communication with its shareholders. Besides, shareholders of the Company can send their written enquiries to the Board at Huiyuan Road, Beixiaoying Town, Shunyi District, Beijing, PRC (Attention: the Office of the Board of Directors).

Pursuant to the articles of association of the Company, two or more shareholders of the Company, holding not less than one-tenth of the paid-up capital of the Company, have the right to convene an extraordinary general meeting at all times by written requisition to the Company. The shareholders can propose a candidate for election as a Director at general meeting by lodging a notice to the secretary of the Company within 7 days prior to the date of such meeting. The Company has also ensured that its shareholders have the rights to raise questions at general meetings. There are no provisions allowing shareholders to move new resolutions at general meetings under the Companies Law of the Cayman Islands or the articles of association of the Company. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures as set out above.

The 2014 AGM was an important occasion where the Board and the shareholders could communicate directly with each other. The chairmen of the Board and the Board Committees and the external auditor were present at the 2014 AGM to communicate with the shareholders. The 2014 AGM circular distributed to all shareholders before the 2014 AGM contained information regarding the proposed resolutions. In addition, the Company has announced its annual and interim results in a timely manner in accordance with the requirements of the Hong Kong Listing Rules.

For future investor relations, the Company will strive to strengthen investor relationships and maintain transparency of the operating strategies, financial performance and development prospects of the Company.

By order of the Board

Zhu Xinli
Chairman

Beijing, 26 March 2015

Directors and Senior Management

Executive Directors

Mr. ZHU Xinli (朱新禮)

aged 63, is an executive director of the Company and the chairman of the Board and the founder of the Group. Mr. Zhu is responsible for the overall business strategies, investment project decision and setting the development direction. He is the father of Ms. Zhu Shengqin (an executive director of the Group). He has more than 23 years' experience in juice and beverage industry and has more than 30 years' experience in enterprise operation and management. Before the establishment of the Group in 1992, he had worked as the Deputy Director of the Foreign Economic and Trade Department of Yiyuan County, Shandong Province. He is an Executive Deputy Chairman of the Board of the Association of Chinese Beverage Industry and the Deputy Director of its Juice Division. He received the Award for Prominent Contribution to Chinese Beverage Industry in 2003, the honor of National Labor Model in 2005 and the CCTV Annual Economic Figures, Agricultural Figures in China's 30-year Reform and Opening up and Top Ten Outstanding Leaders in Light Industry during 30-year Reform in 2008. He was the Executive Chairman of China Entrepreneur Club in 2013. He has pursued CEO courses in China Europe International Business School, Cheung Kong Graduate School of Business and Stanford College. He has been engaged as a visiting professor by China Agricultural University, Nankai University and the Chinese Academy of Agricultural Sciences since 2001. He was appointed as the chairman of the Broad and a director of the Company in September 2006. Mr. Zhu is the director and controlling shareholder of China Huiyuan Holdings, the controlling shareholder of the Company.

Ms. ZHU Shengqin (朱聖琴)

aged 38, is an executive director of the Board. She is in charge of the office of the Board, investment and finance division, strategy development division and internal control and compliance matters. Ms. Zhu is a daughter of Mr. Zhu Xinli, the chairman and an executive Director of the Company as well as the controlling shareholder of the Company. Since joining the Group in 1996, she has held various positions, including marketing manager, vice general manager of the investment division, director of the office of the Board, leader of operation teams, and a vice president of the Company. Ms. Zhu has led the Company in various significant capital market transactions such as issue of new shares, acquisition of upstream businesses, introduction of strategic investors and listing of the Company. Ms. Zhu also has extensive experience in corporate operation, brand marketing and production management.

Ms. Zhu received an executive master of business administration from Cheung Kong Graduate School of Business (長江商學院) and is currently studying finance executive master of business administration programs in PBC School of Finance, Tsinghua University (清華大學五道口金融學院).

She was appointed as a director of the Company on August 29 2014.

Mr. CUI Xianguo (崔現國)

aged 47, is an executive director of the Board. He is in charge of financial management and sales operation. He has 28 years of operational and management experience. Since he joined the Group in May 2002, he has held various managerial positions, including general manager of the Group's production plants, general manager for sales, assistant to the President and vice president of the Company. In addition, Mr. Cui is currently a director of Beijing Huiyuan Group Xianyang Beverage & Food Co., Ltd. (北京滙源集團咸陽飲料食品有限公司), Beijing Huiyuan Group Kaifeng Co., Ltd. (北京滙源集團開封有限公司), Jiangsu Huiyuan Food & Beverage Co., Ltd. (江蘇滙源食品飲料有限公司) and XuRiSheng (Hengshui) Beverage Co., Ltd. (旭日升 (衡水) 飲料有限公司), all of which are an indirect wholly-owned subsidiary of the Company. Mr. Cui graduated from Shandong University in 1986.

He was appointed as a director of the Company on 18 March 2014.

Non-executive Directors

Mr. Andrew Y. YAN (閻焱)

Mr Andrew Yan is the Founding Managing Partner of SAIF Partners. Prior to joining SAIF, he was the Managing Director and Head of the Hong Kong office of the Emerging Markets Partnership, the management company of AIG Asia Infrastructure Funds, from 1994 until 2001. From 1989 to 1994, he worked in the World Bank, the Hudson Institute and US Sprint Co. as an Economist, Research Fellow and Director for Asia respectively in Washington, DC. From 1982 to 1984, he was the Chief Engineer at the Jianghuai Airplane Corp.

Mr. Yan received a bachelor's degree in engineering from Nanjing Aeronautic Institute in 1982. He studied in the Master Program in Department of Sociology of Peking University from 1984 to 1986 and received a Master of Arts' degree from Princeton University in International Political Economy in 1989. Mr. Yan also studied advanced finance & accounting courses at the Wharton Business School in 1995.

Currently, Mr Yan is an Independent Non-executive Director of China Resources Land Ltd (stock code: 01109). CPMC Holdings Ltd (stock code: 00906), Cogobuy Group (stock code: 00400) and China Petroleum & Chemical Corporation (stock code: 00386); Non-executive Director of Digital China Holdings Ltd (stock code: 00861), Guodian Technology & Environment Group Corporation Limited (stock code: 01296) and eSun Holdings Limited (stock code: 00571), all of which are listed on the Main Board of the Hong Kong Stock Exchange. Other than that China Petroleum & Chemical Corporation is also listed on the Shanghai Stock Exchange (stock code: 600028), London Stock Exchange (stock code: SNP) and New York Stock Exchange (stock code: SNP); Mr Yan is also the Independent Director of BlueFocus Communication Group (listed on Shenzhen Stock Exchange – Growth Enterprice Market with stock code: 300058); and Director of ATA Inc (listed on NASDAQ with stock code ATAI). In addition, Mr Yan was an Independent Non-executive Director of Fosun International Ltd (listed on the HK Stock Exchange with stock code: 00656) from March 2007 to September 2014 and China Mengniu Dairy Company Ltd (listed on the HK Stock Exchange with stock code: 02319) from January 2003 to March 2014; a non-executive director of MOBI

Development Co., Ltd. (listed on the Hong Kong Stock Exchange with stock code: 00947) from January 2003 to August 2013. Mr Yan was also a non-executive director (from October 2006 to April 2013) and the chairman of the board (from May 2012 to April 2013) of NVC Lighting Holding Limited (listed on the Hong Kong Stock Exchange with stock code: 02222) respectively; a director of Acorn International Inc. (listed on the New York Stock Exchange with stock code: ATV) from December 2006 to December 2014; An Independent Director of Giant interactive Group Inc. (the shares of which were withdrawn from listing on the NASDAQ Stock Market in the New York in July 2014) from October 2006 to July 2014. He was the director of China Digital TV Holding Co., Ltd (listed on the New York Stock Exchange with stock code: STV) from November 2013 to Apr 2014; and director of Eternal Asia Supply Chain Management Ltd. (listed on the Small and Medium Enterprise Board of the Shenzhen Stock Exchange with stock code: 002183) from October 2006 to June 2013. Mr. Yan was appointed as a non-executive director of the Company in July 2010.

Independent Non-executive Directors

Mr. LEUNG Man Kit (梁民傑)

aged 61, is an independent non-executive director of the Company. He obtained a Bachelor's Degree in Social Science from the University of Hong Kong in 1977. Mr. Leung has over 30 years of experience in project finance and corporate finance. Mr. Leung held senior positions with Peregrine Capital (China) Limited, SG Securities (HK) Limited (previously known as Crosby Securities (HongKong) Limited), Swiss Bank Corporation, Hong Kong Branch, and Optima Capital Limited (previously known as Ke Capital (Hong Kong) Limited). Mr. Leung was a director of Emerging Markets Partnership (Hong Kong) Limited which was the principal adviser to the AIG Infrastructure Fund L.P. Mr. Leung has been a Responsible Officer licensed with the Securities and Futures Commission on the regulated activities of Type 6 since December 2004. Mr. Leung was appointed Deputy Chief Executive Officer of Chanceton Capital Partners Limited in March 2011 and was nominated an executive director of Chanceton Financial Group Limited (HKSE stock code: 8020), a company listed on the GEM Board of The Stock Exchange of Hong Kong Limited on 21 September 2011.

Mr. Leung has been an independent non-executive director and audit committee member of NetEase, a NASDAQ listed company since July 2002.

Mr. Leung is also currently an independent non-executive director of several listed companies in Hong Kong, namely, China Ting Group Holdings Limited (stock code: 3398) since November 2005; Orange Sky Golden Harvest Entertainment Holdings Limited (stock code: 1132) since February 2008.

In March 2014, Mr. Leung was appointed Independent Non-executive Director and Chairman of Audit Committee of Optics Valley Union Holding Company Limited, a company listed on the Stock Exchange of Hong Kong ("Stock Code: — 798"). In July 2014, Mr.Leung was appointed Independent Non-executive Director and Chairman of Audit Committee of Lyue Pharma, a company listed on the Stock Exchange of Hong Kong ("Stock Code: 2186")

He was appointed as an independent non-executive director of the Company in June 2012.

Mr. SONG Quanhou (宋全厚)

aged 53, is an independent non-executive director of the Company. He holds a Master degree in food engineering from the former China National Academy of Light Industry and Science. He is a professor-grade senior engineer. He currently acts as a deputy director of China National Research Institute of Food and Fermentation Industries (CNRIFFI). He has been actively involved in preparing, implementing and enforcing various nationwide food and beverage quality control and testing standards since 1995 and has extensive knowledge and experience in China's food and beverage industry. He has also been actively involved in or responsible for various research projects in food and beverage quality control and testing sponsored by the PRC government, international organizations or enterprises. He was appointed as an independent non-executive director of the Company in January 2007.

Mr. ZHAO Chen (趙琛)

aged 48, is an independent non-executive director of the Company. He graduated from History Faculty in Peking University and received a MPA from the School of Government of Peking University. Currently, he is the vice president of China Association of Policy and Science of the State Council, Deputy Director of the Research Institute of Contemporary Corporate Culture of Peking University, vice chairman of Arts Work Committee of China Radio and Television Association, vice president of the State Innovation Promotion Committee (國家創新推廣委員會) and a member of the Economic Committee of the Revolutionary Committee of the Chinese Kuomintang (中國國民黨革命委員會中央委員會經濟委員會). In 2006, he was named as one of the "Top Ten Management Talents in the PRC", and was awarded Human Resources Talent in 2006. He was named in 2007 as one of the "Top Ten Talents of Education in the PRC", and was named the "Man of the 30 Years of PRC Reformation" and was recorded in the Who's Who (人物錄) in 2008. As an expert and scholar of the contemporary culture, Mr. Zhao had contributed much innovations and practices in management. He was appointed as an independent non-executive director of the Company in June 2012.

Ms. ZHAO Yali (趙亞利)

aged 57, is an independent non-executive director of the Company. She holds a Bachelor degree from Tianjin Light Industry College and is a professor-grade senior engineer. She is the head and executive committee member of China Light Industry Federation. Her current titles in various associations include the chairman of China Beverage Industry Association and the chairman of its juice sub-committee, the member of Examination Committee on National Standards of Food Safety Examination Committee and the chairman of Technical Committee on Beverage of Standardization Administration of China. In addition, she was an independent director of Guotou Zhonglu Juice Corporation, a company listed on the Shanghai Stock Exchange. She was appointed as an independent non-executive director of the Company in September 2006.

Directors and Senior Management (Continued)

Senior Management

Mr. Zhu Xinli (朱新禮)

is the Chairman of the Board. His profile can be referred to in the previous section of "Executive Directors".

Ms. Yu Hongli (于洪莉)

Aged 46, is the Chief Executive Officer of the Company and has more than 20 years of experience in management and juice and beverage production, sales and marketing management. Since joining Huiyuan in 2000, Ms. Yu has held various positions in the Group during the past 15 years, including Director of the General Office, Vice President of the Human Resource Department, Vice President of the Production Center, General Manager of the Beverage Business Division and Executive Vice President of the Company.

Mr. Cui Xianguo (崔現國)

is a Vice President of the Group, also an executive director of the Board. His profile can be referred to the previous section of "Executive Directors".

Ms. Zhu Shengqin (朱聖琴)

is a Vice President of the Group, also an executive director of the Board. Her profile can be referred to in the previous section of "Executive Directors".

Mr. Zhang Jianqiu (張建秋)

Aged 45, is Vice President for Brand Planning of the Group and is responsible for marketing strategy management. Mr. Zhang joined Huiyuan in 1993 and held various positions of the Group, including Sales Officer, Sales Manager, Vice General Manager and General Manager of a sales company, General Manager of Sales Region and Vice President. He has solid experience in sales and marketing business. Mr. Zhang Jianqiu graduated from Renmin University of China.

Mr. Liu Jianming (劉建明)

Aged 49, is the Executive President for Fruit Sector of the Group and is responsible for management of the fruit sector operation. Mr. Liu Jianming joined Huiyuan in April 2001 and held a number of management positions in the Company, including General Manager and Vice President. Mr. Liu Jianming graduated from Linyi College of Education with a bachelor's degree.

Ms. Shi Xiuping (史秀平)

Aged 39, Vice President for Human Resources. Ms. Shi has over ten years' experience in human resources and management. She joined Huiyuan in July 2003, and held many positions in the Group, including Director of the chairman's office, Deputy General Manager of Beverage Sector, Director of Human Resources, General Manager of Directly Operated Company System, and Vice President for Staff Administration. Ms. Shi Xiuping graduated from Beijing Administrative College with a master's degree. She is a certified senior human resources manager.

Ms. Ju Xinyan (鞠新艷)

aged 35, Vice President for Production of the Group and is responsible for production management of fruit juice. She joined the Group in November 2001 and held various positions in the Group, including Deputy Head of the President Office, General Manager of Production Plants, General Manager of Sales Region and Vice President. Ms. Ju Xinyan graduated from Shandong Normal University with a bachelor's degree.

Ms. Ren Hongfeng (任洪鳳)

Aged 42, Vice President for Children Beverage Sector of the Group. She joined Huiyuan in October 1992 and held a number of management positions in the Company, including Director of international business, General Manager and Vice President of the Company. Ms. Ren graduated from Beijing Normal University with a bachelor's degree.

Mr. Wang Xinnong (王新農)

Aged 48, Vice President and General Manager of Suntory Business Department. Mr. Wang graduated from CEIBS with a master's degree in business administration. Mr. Wang joined the Company on 31 May 2014. Prior to this, he was a Vice President at PepsiCo Investment (China) Ltd. and was in charge of business in north region. Mr. Wang has 21 years of experience in managing food and beverage companies. He held positions of general manager or above at PepsiCo (China), the Food and Agriculture Department of Sinar Mas Group (China), AB InBev (China) , Danone Beverage (China) and BIG China.

Ms. Cheng Ying

Aged 39, a Vice President of the Group, in charge of the Group's investment. Ms. Cheng joined the Company in March 2014 and is responsible for investment and merger business. Ms. Cheng has more than ten years' experience in investment banking and enterprise financing, and specializes in enterprise financing, M&A and IPO. Before joining the Group, she was an executive director of UBS and the Vice President of Investment Banking of Macquarie Group. Ms. Cheng graduated from National University of Singapore with a master's degree in economics.

Mr. Li Fengshuo (李豐碩)

Aged 46, the General Manager of the Group's Hong Kong/Macau/international business. Prior to joining the Company on 1 April 2014, Mr. Li worked in Sharp-Roxy, Philip Morris Greater China, Lee Kum Kee Southeast Asia and North Asia, Hong Kong Tourism Development Council etc, with positions of manager, sales director and managing director. Mr. Li graduated from the Chinese University of Hong Kong with a master's degree in international trade.

Directors and Senior Management (Continued)

Ms. Chen Xiangping (陳湘萍)

Aged 29, assistant to the Chairman of the group. She joined Huiyuan in February 2014 as Investment and Finance Director of the Group, supervising overseas financing, investments, issuing of securities, and investor communications. She also participated in a number of due diligence and auditing projects in the Company. Prior to joining the Group, she worked at Societe Generale, Banco Bilbao Vizcaya Argentaria and China Development Bank (Hong Kong), responsible for corporate finance-related business. Ms. Chen graduated from the University of Hong Kong and received her master's degree in economics with honor class.

Independent Auditor's Report

羅兵咸永道

To the shareholders of China Huiyuan Juice Group Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Huiyuan Juice Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 57 to 142, which comprise the consolidated and company balance sheets as at 31 December 2014, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Independent Auditor's Report (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Other Matters

This report, including the opinion, has been prepared for and only for you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2015

Consolidated Balance Sheet

	Note	As at 31 December 2014 RMB'000	2013 RMB'000
ASSETS			
Non-current assets			
Land use rights	7	**1,099,054**	1,123,894
Property, plant and equipment	8	**6,730,941**	6,968,560
Intangible assets	9	**4,200,920**	4,227,889
Deferred income tax assets	11	**142,700**	91,173
Long-term prepayment	12	**142,615**	98,555
Investments accounted for using the equity method	13	**10,515**	6,413
Long-term receivable		**1,128**	1,288
Total non-current assets		**12,327,873**	12,517,772
Current assets			
Inventories	15	**1,211,233**	1,325,267
Trade and other receivables	14	**2,182,987**	1,855,075
Available-for-sale financial assets	16	**265,423**	—
Restricted cash	17	**452,882**	577,785
Cash and cash equivalents	17	**694,373**	937,421
Total current assets		**4,806,898**	4,695,548
Total assets		**17,134,771**	17,213,320
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	18	**180**	147
Share premium	18	**8,303,542**	6,006,880
Convertible preference shares	18	**541,474**	2,831,338
Other reserves		**297,814**	275,306
Retained earnings		**1,315,019**	1,462,875
— Proposed final dividend	33	**—**	—
— Others		**1,315,019**	1,462,875
		10,458,029	10,576,546
Non-controlling interests in equity		**141,691**	147,966
Total equity		**10,599,720**	10,724,512

Consolidated Balance Sheet (Continued)

	Note	As at 31 December 2014 RMB'000	2013 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	22	**327,782**	1,837,280
Deferred government grants	23	**62,202**	92,969
Trade and other payables	21	**57,140**	—
Deferred income tax liabilities	11	**9,247**	9,609
Convertible Bonds	24	**860,382**	—
Total non-current liabilities		**1,316,753**	1,939,858
Current liabilities			
Trade and other payables	21	**2,020,112**	1,675,734
Convertible Bonds	24	**—**	837,576
Taxation payable		**56,910**	76,694
Deferred revenue		**10,609**	10,183
Borrowings	22	**3,130,667**	1,948,763
Total current liabilities		**5,218,298**	4,548,950
Total liabilities		**6,535,051**	6,488,808
Total equity and liabilities		**17,134,771**	17,213,320
Net current (liabilities)/assets		**(411,400)**	146,598
Total assets less current liabilities		**11,916,473**	12,664,370

The notes on pages 63 to 142 are an integral part of these consolidated financial statements.

The financial statements on pages 57 to 142 were approved by the Board of Directors on 26 March 2015 and were signed on its behalf.

Director *Director*

Balance Sheet

		As at 31 December	
		2014	2013
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Interests in subsidiaries	10(a)	**13,121,269**	12,449,157
Loans to subsidiaries		**124,606**	23,786
Total non-current assets		**13,245,875**	12,472,943
Current assets			
Cash and cash equivalents	17	**301,648**	5,110
Total current assets		**301,648**	5,110
Total assets		**13,547,523**	12,478,053
EQUITY			
Equity attributable to owners of the parent			
Share capital	18	**180**	147
Share premium	18	**8,303,542**	6,006,880
Convertible preference shares	18	**541,474**	2,831,338
Reserves	19	**1,700,003**	1,729,542
Total equity		**10,545,199**	10,567,907
LIABILITIES			
Non-current liabilities			
Borrowings	22	**291,671**	884,051
Convertible Bonds	24	**860,382**	—
Total non-current liabilities		**1,152,053**	884,051
Current liabilities			
Other payables	21	**7,921**	7,575
Borrowings	22	**1,842,350**	180,944
Convertible Bonds	24	**—**	837,576
Total current liabilities		**1,850,271**	1,026,095
Total liabilities		**3,002,324**	1,910,146
Total equity and liabilities		**13,547,523**	12,478,053
Net current liabilities		**(1,548,623)**	(1,020,985)
Total assets less current liabilities		**11,697,252**	11,451,958

The notes on pages 63 to 142 are an integral part of this financial statement.

The financial statements on pages 57 to 142 were approved by the Board of Directors on 26 March 2015 and were signed on its behalf.

Director　　　　　　　　Director

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2014 RMB'000	2013 RMB'000
Revenue	6	**4,592,050**	4,503,885
Cost of sales	27	**(2,997,970)**	(3,105,553)
Gross profit		**1,594,080**	1,398,332
Selling and marketing expenses	27	**(1,395,694)**	(1,248,886)
Administrative expenses	27	**(508,275)**	(413,874)
Other income — net	25	**105,102**	337,472
Other gains — net	26	**151,004**	425,928
Finance expenses	29	**(318,622)**	(230,670)
Finance income	30	**28,495**	62,702
Unrealised gain/(loss) on change of fair value of embedded derivatives of convertible bonds	24	**308,644**	(4,851)
Loss on early redemption of convertible bonds	24	**(65,776)**	—
Share of loss of investments accounted for using the equity method	13	**(3,343)**	(7,332)
(Loss)/profit before income tax		**(104,385)**	318,821
Income tax expense	31	**(22,623)**	(83,392)
(Loss)/profit for the year		**(127,008)**	235,429
(Loss)/profit attributable to:			
Equity holders of the Company		**(126,768)**	228,463
Non-controlling interests		**(240)**	6,966
		(127,008)	235,429
Other comprehensive income for the year, net of tax			
Items that may be reclassified to profit or loss			
Change in fair value of available-for-sale financial assets		**423**	—
Total comprehensive (loss)/income for the year		**(126,585)**	235,429
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(126,345)**	228,463
Non-controlling interests		**(240)**	6,966
		(126,585)	235,429
(Losses)/earnings per share attributable to the ordinary shareholders of the Company during the year (expressed in RMB cents per share)			
— basic	32(a)	**(4.8)**	13.5
— diluted	32(b)	**(12.8)**	13.5
(Losses)/earnings per share attributable to the preference shares holders of the Company during the year (expressed in RMB cents per share)			
— basic	32(a)	**(4.8)**	13.5
— diluted	32(b)	**(12.8)**	13.5

The notes on pages 63 to 142 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Note	Attributable to equity holders of the Company						Non-controlling interests in equity	Total equity
		Share capital	Share premium	Convertible preference shares	Other reserves	Retained earnings	Subtotal		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2014		**147**	**6,006,880**	**2,831,338**	**275,306**	**1,462,875**	**10,576,546**	**147,966**	**10,724,512**
Comprehensive income									
Loss for the year		–	–	–	–	(126,768)	(126,768)	(240)	(127,008)
Other comprehensive income		–	–	–	423	–	423	–	423
Total comprehensive income		–	–	–	423	(126,768)	(126,345)	(240)	(126,585)
Transactions with owners									
Share-based compensation		–	–	–	12,514	–	12,514	–	12,514
Shares issued pursuant to Share Award Scheme		–	6,463	–	(6,463)	–	–	–	–
Vesting of shares under Share Award Scheme		–	368	–	(5,089)	–	(4,721)	–	(4,721)
Shares converted from convertible preference shares	18	33	2,289,831	(2,289,864)	–	–	–	–	–
Profit appropriation to statutory reserves		–	–	–	21,088	(21,088)	–	–	–
Acquisition of non-controlling interests of a subsidiary		–		–	35	–	35	(6,035)	(6,000)
Total transactions with owners		33	2,296,662	(2,289,864)	22,085	(21,088)	7,828	(6,035)	1,793
Balance at 31 December 2014		180	8,303,542	541,474	297,814	1,315,019	10,458,029	141,691	10,599,720
Balance at 1 January 2013		115	3,776,401	–	248,410	1,261,308	5,286,234	–	5,286,234
Comprehensive income									
Profit for the year		–	–	–	–	228,463	228,463	6,966	235,429
Other comprehensive income		–	–	–	–	–	–	–	–
Total comprehensive income		–	–	–	–	228,463	228,463	6,966	235,429
Transactions with owners									
Issuance of ordinary shares	18	32	2,230,479	–	–	–	2,230,511	–	2,230,511
Issuance of convertible preference shares	18	–	–	2,831,338	–	–	2,831,338	–	2,831,338
Profit appropriation to statutory reserves		–	–	–	26,896	(26,896)	–	–	–
Contribution from non-controlling interests of subsidiaries		–	–	–	–	–	–	141,000	141,000
Total transactions with owners		32	2,230,479	2,831,338	26,896	(26,896)	5,061,849	141,000	5,202,849
Balance at 31 December 2013		147	6,006,880	2,831,338	275,306	1,462,875	10,576,546	147,966	10,724,512

The notes on pages 63 to 142 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2014 RMB'000	2013 RMB'000
Cash flows from operating activities			
Cash generated from operations	34	**344,219**	958,028
Interest paid		**(234,165)**	(221,886)
Interest received		**28,495**	7,572
Income tax paid		**(94,297)**	(13,842)
Cash flows generated from operating activities — net		**44,252**	729,872
Cash flows used in investing activities			
Acquisition of subsidiaries, net of cash acquired		**—**	45,952
Proceeds from disposal of subsidiaries, net of cash disposed (Note 38)		**359,977**	601,909
Proceeds from disposal of land use rights		**136,335**	—
Proceeds from disposal of property, plant and equipment		**4,322**	14,337
Purchase of property, plant and equipment		**(411,404)**	(208,149)
Purchase of land use rights		**(72,408)**	(125,842)
Investment in an associate	13	**(2,445)**	—
Investment in a joint venture	13	**(5,000)**	—
Investment in available-for-sale financial assets		**(265,000)**	—
Decrease/(increase) in restricted cash		**124,903**	(462,016)
Prepayment for consideration of business combination	40	**(36,447)**	—
Acquisition of non-controlling interests of a subsidiary	37	**(6,000)**	—
Cash flows used in investing activities — net		**(173,167)**	(133,809)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		**—**	302,443
Issuance costs in relation to issuance of ordinary shares		**—**	(4,586)
Shares purchased for Share Award Scheme		**(4,721)**	—
Contribution from non-controlling interests of subsidiaries		**66,974**	141,000
Proceeds from banks and other financial institution borrowings		**3,411,915**	2,177,059
Repayments of borrowings from bank and other financial institution		**(3,764,388)**	(2,793,576)
Proceeds from insurance of convertible bonds		**922,815**	—
Redemption of convertible bonds		**(745,739)**	—
Cash flows used in financing activities — net		**(113,144)**	(177,660)
Exchange losses on cash and cash equivalents		**(989)**	(2,109)
Net (decrease)/increase in cash and cash equivalents		**(243,048)**	416,294
Cash and cash equivalents at beginning of the year	17	**937,421**	521,127
Cash and cash equivalents at end of the year	17	**694,373**	937,421

The notes on pages 63 to 142 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

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 concentrate, puree and 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.

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 are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 26 March 2015.

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.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Hong Kong Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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

2.1 Going concern

As of 31 December 2014, the Group's current liabilities exceeded its current assets by RMB411,400,000. 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 on their maturity dates or refinance them when they mature during the 12 months period from 31 December 2014. Therefore, these financial statements have been prepared on the going concern basis.

3. Summary of significant accounting policies

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2014:

- Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group's consolidated financial statements.

- Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Group has applied the amendment and there has been no significant impact on the Group's consolidated financial statements as a result.

  Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Group.

3. Summary of significant accounting policies (Continued)

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- IFRS 9 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact.

- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the impact of IFRS 15.

  There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

3. Summary of significant accounting policies (Continued)

(c) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

3.1 Subsidiaries

3.1.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

3. Summary of significant accounting policies (Continued)

3.1 Subsidiaries (Continued)

3.1.1 *Consolidation* (Continued)

(a) Business combinations (Continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income (Note 3.6).

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3. Summary of significant accounting policies (Continued)

3.1 Subsidiaries (Continued)

3.1.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

3.1.3 Associates

An associate is an entity over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit of investments accounted for using equity method' in the statement of comprehensive income.

3. Summary of significant accounting policies (Continued)

3.1 Subsidiaries (Continued)

3.1.3 *Associates* (Continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the statement of comprehensive income.

3.1.4 *Joint arrangements*

The Group has applied IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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

3. Summary of significant accounting policies (Continued)

3.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the executive directors. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

3.3 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the applicable exchange rates quoted by the People's Bank of China prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "finance income or cost".

3.4 Property, plant and equipment

Property, plant and equipment which consist of buildings, machinery, motor vehicles and furniture and equipment, are stated at historical cost less accumulated depreciation and impairment loss. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with such costs will flow to the Group and such cost incremental can be measured reliably. The carrying amount of the replaced part is derecognized. Repairs and maintenance are charged to the consolidated statement of comprehensive income in the period incurred.

3. Summary of significant accounting policies (Continued)

3.4 Property, plant and equipment (Continued)

Depreciation of assets is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives. The estimated useful lives of property, plant and equipment are as follows:

Buildings	30 years
Machinery	13–18 years
Motor vehicles	5–8 years
Furniture and office equipment	3–6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 3.7).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in 'Other income — net' in the consolidated statement of comprehensive income.

Construction in progress represents property, plant and equipment under construction or pending installation, and is stated at cost less impairment losses. Cost comprises direct costs of construction including borrowing costs attributable to the construction during the period of construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use.

3.5 Land use rights

Land use rights are stated at cost less accumulated amortization and accumulated impairment losses. Cost represents consideration paid for the rights to use the land on which various plants and buildings are situated for periods varying from 30 to 50 years. Amortisation of land use rights is calculated on a straight-line basis over the period of the land use rights.

3. Summary of significant accounting policies (Continued)

3.6 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiaries, associates and joint ventures at the date of acquisition. Goodwill on acquisitions of subsidiaries, associates and joint ventures is included in "intangible assets". Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. As the Group mainly engaged in juice business, the Company and subsidiaries were collectively viewed as one cash-generating unit (Note 3.7).

(b) Trademarks

Separately acquired trademarks are shown at historical cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 30 years.

(c) Computer software licences

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 10 years.

(d) License rights

License rights are stated at historical cost less accumulated amortisation and accumulated impairment losses, if any. Historical cost comprises the capitalised present value of the fixed minimum periodic payments to be made in subsequent years in respect of the acquisition of the license right. These costs are amortised over their estimated useful lives of 9.5 years. License rights are amortised using the straight-line method to allocate the cost of licenses over their estimated useful lives.

3. Summary of significant accounting policies (Continued)

3.6 Intangible assets (Continued)

(e) Sales distribution networks and customer relationships

Sales distribution networks and customer relationships acquired directly or acquired in a business combination are recognised at fair value at the acquisition date. The sales distribution networks and customer relationships have a finite useful life ranging from 4.2 to 18.5 years and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected lives of the sales distribution networks and customer relationship.

3.7 Impairment of investment in subsidiaries and non-financial assets

Goodwill and assets that have an indefinite useful life or have not yet been available for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

3.8 Financial assets

3.8.1 Classification

The Group classifies its financial assets in the following categories: loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables mainly comprise trade and other receivables, restricted cash, cash and cash equivalents in the balance sheet (Note 3.10 and 3.11).

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. The Group's available-for-sale financial assets represented investment in financial products issued by commercial banks in the PRC.

3. Summary of significant accounting policies (Continued)

3.8 Financial assets (Continued)

3.8.2 *Recognition and measurement*

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as “other gains, net”.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of comprehensive as part of other income. Dividends on available-for-sale equity instruments are also recognised in the statement of comprehensive income as part of ‘other income’ when the Group’s right to receive payments is established.

3.8.3 *Offsetting financial instruments*

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

3. Summary of significant accounting policies (Continued)

3.8 Financial assets (Continued)

3.8.4 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

3. Summary of significant accounting policies (Continued)

3.8 Financial assets (Continued)

3.8.4 Impairment of financial assets (Continued)

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of comprehensive income.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated statement of comprehensive income on equity instruments are not reversed through the consolidated statement of comprehensive income.

3.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3.10 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

3. Summary of significant accounting policies (Continued)

3.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

3.12 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.13 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

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

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset until such time as the asset is substantially ready for its intended use or sale. All other borrowing costs are charged to the consolidated statement of comprehensive income in the period in which they are incurred.

3. Summary of significant accounting policies (Continued)

3.15 Convertible instruments

(a) Convertible bonds

Convertible Bonds issued by the Company that contain both a liability and embedded derivatives are classified separately into these respective items on initial recognition. Conversion rights that will be settled other than by the exchange of a fixed amount of cash or other financial assets for a fixed number of the Company's shares are conversion right derivatives. Redemption rights are also embedded derivatives and accounted together with conversion right as a single derivative. At the date of issue of the Convertible Bonds, the derivative is recognised at fair value, the host liability is recognised at the residual amount after deducting the fair value of derivative from the fair value of the Convertible Bonds as a whole.

In subsequent periods, the liability component of the Convertible Bonds is carried at amortised cost using the effective interest method. The conversion right derivative is measured at fair value with changes in fair value recognised in the consolidated statement of comprehensive income.

The liability component and the related embedded derivative of the conversion bond is presented as a separate line item on the face of the balance sheet as non-current liabilities, unless there is any redemption right valid in the next 12 months.

If the bonds are converted, the respective conversion right derivative in the Convertible Bonds, together with the carrying value of the liability component at the time of conversion, are transferred to share capital (and share premium) as consideration for the shares issued.

(b) Convertible preference shares

Convertible preference shares issued by the Company are classified as equity upon initial recognition as the Company has no contractual obligation to deliver cash or another financial asset nor to deliver a variable number of shares.

In subsequent periods, the convertible preference shares shall not be re-measured.

If the preference shares are converted, the carrying value of the equity initially recognized is transferred to share capital (and share premium), respectively.

3.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

3. Summary of significant accounting policies (Continued)

3.16 Current and deferred income tax (Continued)

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

3. Summary of significant accounting policies (Continued)

3.16 Current and deferred income tax (Continued)

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.17 Employee benefits

(a) Pension obligations

The Group contributes on a monthly basis to various defined contribution retirement benefit plans administered by the relevant municipal and provincial governments in the PRC. The relevant municipal and provincial government undertake to assume the retirement benefit obligation payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

(b) Other benefits

Other directors' and employee's obligations are recorded as a liability and charged to the consolidated statement of comprehensive income when the Group is continually obliged or when there is a past practice that has created a constructive obligation.

3.18 Share-based payments

(a) Equity-settled share-based payment transactions

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);

- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

- including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specified period of time).

3. Summary of significant accounting policies (Continued)

3.18 Share-based payments (Continued)

(a) *Equity-settled share-based payment transactions* (Continued)

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

(b) *Share-based payment transactions among group entities*

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

3.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3. Summary of significant accounting policies (Continued)

3.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Sales of goods are recognised when the title to the goods has been passed to the customer, which is at the date when the customer receives and accepts the goods, and collectability of the related receivables is reasonably assured.

(b) Bill and hold sales

When goods delivery is delayed at the buyer's request but the buyer takes title and accepts billing, revenue is recognised when the buyer take title, provided:

- it is probable that delivery will be made;
- the item is on hand, identified and ready for delivery to the buyer at the time the sale is recognised;
- the buyer specifically acknowledges the deferred delivery instructions; and
- the usual payment terms apply.

(c) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

3. Summary of significant accounting policies (Continued)

3.20 Revenue recognition (Continued)

(d) *Barter transactions*

When goods are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction which generates revenue. When goods are sold in exchange for dissimilar goods or services, the exchange is regarded as a transaction which generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods given up, adjusted by the amount of any cash or cash equivalents transferred.

3.21 Leases (as the lessee for operating leases)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

3.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3.23 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income as other income over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are recognised in the consolidated statement of comprehensive income as other income on a straight-line basis over the expected lives of the related assets. The expected lives for machinery, buildings and building supporting facilities ranges from 13 to 50 years.

3. Summary of significant accounting policies (Continued)

3.24 Customer royalty program

The Group grants to its customers award credits as part of sales of goods, and subject to meet any further qualifying conditions, the customers can redeem in the future for free or discounted goods or services. The Group recognizes the sales proceeds/receivables of award credits as deferred revenue at their fair value. Revenue is recognised when award credits are redeemed and the Group fulfils its obligations to supply the awards.

4. Financial risk management

4.1 Financial risk factors

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

(a) Foreign exchange risk

The Group's production depends on importation of certain raw materials and equipment, and the Group is exposed to foreign currency exchange risk arising from various currency exposures primarily with respect to the United States Dollar ("USD") and the Euro. The Group is also exposed to foreign currency exchange risk arising from the bank deposits, Convertible Bonds and bank borrowings denominated in the USD. The Group did not use forward contract/derivative instruments in 2014 but may use them from time to time to hedge against certain material foreign exchange exposures.

As at 31 December 2014, if the RMB strengthened/weakened by 5% against the USD and the Euro with all other variables remaining unchanged, the Group's post-tax loss for 2014 would have been decreased/increased by RMB113,670,000 (2013: RMB115,725,000), mainly due to the foreign exchange gains/losses on retranslation of USD-denominated Convertible Bonds and bank borrowings.

(b) Price risk

The Group is exposed to price risk in fair value of conversion rights of the Convertible Bonds. A rise of the stock price will be accompanied by an increase in the fair value of the conversion rights which will increase the unrealized loss on the change of fair value of embedded derivative of the convertible bonds as well as the liability of the Group. For details of the convertible bonds, refer to Note 24.

4. Financial risk management (Continued)

4.1 Financial risk factors (Continued)

(c) Credit risk

Credit risk mainly arises from cash and cash equivalents, restricted cash as well as trade and other receivables.

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 and supermarkets signed sales contracts with credit terms. The Group assesses the credit quality of its customers by taking into account various factors including their financial position and past experience. The credit terms are 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 top 5 largest customers was RMB575,536,000 as at 31 December 2014 (2013: RMB479,549,000), representing 33% of the total balance of trade receivables at 31 December 2014 (2013: 40%).

Substantially all the Group's cash at banks and bank deposits are deposited in financial institutions in Mainland China and Hong Kong. The credit risk on liquid funds is limited as the majority of counterparties are financial institutions with high credit ratings assigned by international credit-rating agencies and large state-controlled financial institutions. The bank balances held at the five major banks at the balance sheet date, all of which are state-owned or listed banks in the Chinese domestic capital markets amounted to RMB598,370,000 (2013: RMB1,325,462,000). These balances represent 86% of total bank balances at 31 December 2014 (2013: 86%).

4. Financial risk management (Continued)

4.1 Financial risk factors (Continued)

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Unused proceeds from fund raising through issuance of shares or borrowings will be put in short-term deposits with banks in the PRC. The Group's objective is to maintain adequate cash and cash equivalents and committed credit lines to ensure sufficient and flexible funding is available to the Group.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

4. Financial risk management (Continued)

4.1 Financial risk factors (Continued)

(d) Liquidity risk (Continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
Group				
At 31 December 2014				
Non-current bank borrowings	–	25,000	302,782	–
Current bank borrowings	3,130,667	–	–	–
Interest payable for bank borrowings	58,344	1,591	11,586	–
Convertible bonds	–	185,952	674,430	–
Trade and other payables	1,903,485	10,000	47,140	–
At 31 December 2013				
Non-current bank borrowings	–	968,544	868,736	–
Current bank borrowings	1,948,763	–	–	–
Interest payable for bank borrowings	111,616	26,822	6,951	–
Convertible bonds	–	–	867,554	–
Trade and other payables	1,577,184	–	–	–
Company				
At 31 December 2014				
Non-current bank borrowings	–	–	291,671	–
Current bank borrowings	1,842,350	–	–	–
Interest payable for bank borrowings	31,152	–	10,872	–
Convertible bonds	–	185,952	674,430	–
Other payables	7,921	–	–	–
At 31 December 2013				
Non-current bank borrowings	–	884,051	–	–
Current bank borrowings	180,944	–	–	–
Interest payable for bank borrowings	23,689	15,057	–	–
Convertible bonds	837,576	–	–	–
Other payables	7,575	–	–	–

4. Financial risk management (Continued)

4.1 Financial risk factors (Continued)

(e) *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. The Group's interest rate risk mainly arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the group to fair value interest rate risk. As at each balance sheet dates, substantially all of the Group's borrowings were carried at variable market lending rates.

At 31 December 2014, if interest rates on US dollar-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax loss for the year would have been RMB14,492,000 (2013: RMB13,997,000) higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings.

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated both as the total of borrowings (including and excluding convertible bonds) divided by capital and reserves attributable to equity holders of the Company.

As at 31 December 2014, the debt-to-equity ratio was 41.3% (including convertible bonds) (2013: 43.7%), and 33.1% (excluding convertible bonds) (2013: 35.8%), respectively.

4.3 Fair value estimation

The disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

4. Financial risk management (Continued)

4.3 Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2014.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Liabilities				
Embedded derivatives of 2016 Convertible bonds	—	—	1,242	1,242
Embedded derivatives of 2019 Convertible bonds	—	—	10,143	10,143
	—	—	11,385	11,385

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2013.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Liabilities				
Embedded derivatives of 2016 Convertible bonds	—	—	80,315	80,315

The fair values of embedded derivatives of the 2016 Convertible Bonds and the 2019 Convertible Bonds were valued by estimating the values of the whole bonds with and without the embedded derivatives. Refer to Note 24 for details of convertible bonds and significant unobservable inputs.

The increase/decrease in the fair value of embedded derivatives of convertible bonds will increase/decrease the Group's post-tax loss for the year as well as the Group's total liabilities as at 31 December 2014.

The market price of the Company's share was HK$2.90 as at 31 December 2014, if the market price of the Company's share had been HK$1 higher/lower than that at 31 December 2014, the fair value of the embedded derivatives of the 2016 Convertible Bonds would have increased/decreased by RMB3,811,000 and RMB1,182,000 respectively. If the discount rate had been 1% higher/lower than management's estimates at 31 December 2014, it would have increased/decreased the fair value of embedded derivatives of the 2016 Convertible Bonds by RMB56,000 and RMB57,000 respectively. If the volatility rate had been 1% higher/lower than management's estimates at 31 December 2014, it would have increased/decreased the fair value of embedded derivatives of the 2016 Convertible Bonds by RMB84,000 and RMB122,000 respectively.

4. Financial risk management (Continued)

4.3 Fair value estimation (Continued)

If the market price of the Company's share had been HK$1 higher/lower than that at 31 December 2014, the fair value of the embedded derivatives of the 2019 Convertible Bonds would have increased/decreased by RMB125,144,000 and RMB20,406,000 respectively. If the discount rate had been 1% higher/lower than management's estimates at 31 December 2014, it would have increased/decreased the fair value of embedded derivatives of the 2019 Convertible Bonds by RMB10,114,000 and RMB12,714,000 respectively. If the volatility rate had been 1% higher/lower than management's estimates at 31 December 2014, it would have increased/decreased the fair value of embedded derivatives of the 2019 Convertible Bonds by RMB1,925,000 and RMB6,191,000 respectively.

5. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives and impairment assessment of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions.

Management will increase the depreciation charge where useful lives are less than previously estimated lives, it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of property, plant and equipment have been determined based on the higher of fair value and value-in-use calculations. These calculations require the use of judgment and estimates.

5. Critical accounting estimates and judgements (Continued)

Critical accounting estimates and assumptions (Continued)

(b) *Impairment of goodwill*

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 3.7. The recoverable amounts of the cash-generating unit have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 9).

As of 31 December 2014, value-in-use amount of the cash-generating unit ("CGU") is higher than the carrying amount of the CGU. If the budgeted revenue growth rates used in the value-in-use calculation for the CGU during the forecast period had been 2% lower than management's estimates at 31 December 2014, it would have decreased by 11% for the value-in-use of the CGU, which would approximate the carrying amount of the CGU.

(c) *Impairment of investments in subsidiaries*

Where goodwill has indicator for impairment, the carrying value of the parent entity's investment in the relevant subsidiary in the parent's separate financial statements should also be reviewed for impairment. The recoverable amount has been determined based on the higher of fair value less costs to sell and value-in-use calculations. The calculations require the use of estimates which are almost same as those used in value-in-use calculations of goodwill.

(d) *Useful lives and impairment assessment of sales distribution networks and customer relationships*

The Group's management determines the estimated useful lives and related amortization charges for sales distribution networks and customer relationships. This estimate is based on the estimated churn periods of the customer base and experience in similar business. Management will increase the amortization charge where useful lives are less than previously estimated lives, it will write-off or write-down non-strategic assets that have been abandoned or sold.

Sales distribution networks and customer relationships are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of sales distribution networks and customer relationships have been determined based on the higher of fair value and value-in-use calculations. These require the use of judgment and estimates.

5. Critical accounting estimates and judgements (Continued)

Critical accounting estimates and assumptions (Continued)

(e) *Useful lives of trademarks*

The Group's management determines the estimated useful lives and related amortisation charges for its trademarks. This estimate is based on projected sales of those products associated with the trademark. It could change significantly as a result of competitors' actions as well as changes in customers' taste. Management will increase the amortisation charge where useful lives are less than previously estimated lives, or it will write-off or write-down to the recoverable amount when there is any indication that the carrying amount is not recoverable.

(f) *Net realisable value of inventories*

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and historical experience of manufacturing and selling products of similar nature. Management reassesses these estimates at each balance sheet date.

(g) *Income taxes*

The Group is mainly subject to income taxes in the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. 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.

Certain subsidiaries of the Group whose major business is related to processing of agricultural products enjoy duty free policy from government after approval of the local competent tax authorities. Management believes that these subsidiaries will continuously be qualified to be entitled to duty free policy from government after approval of the local competent tax authorities.

(h) *Provision for impairment of receivables*

The Group makes provision for doubtful debts based on an assessment of the recoverability of receivables. Provisions are applied to receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of receivables and impairment loss on receivables in the period in which such estimates has been changed.

5. Critical accounting estimates and judgements (Continued)

Critical accounting estimates and assumptions (Continued)

(i) Fair values of Convertible Bonds and embedded conversion options

The fair values of convertible bonds and the embedded conversion options are determined using valuation techniques including reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Details of the assumptions used in determining the fair values of the convertible bonds and the embedded conversion options are set out in Note 24.

6. 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 the revenue from a perspective of products. 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. After the completion of the acquisition of puree and concentrated juice business in October 2013, the Group becomes a vertically integrated business with operations along the value chain from fruit processing to sales and marketing of juice and other beverage products. The puree and concentrated business does not have a majority of revenue from external customers, and management determines neither to separately review the performance of the business nor to report the business externally as a business segment. As a result, the puree and concentrated juice business has been combined into the juice and other beverage products segment.

The Group's principal market is the PRC and its sales to overseas customers contributed to less than 10% of the revenues. 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 revenue by product category is as follows:

	2014 RMB'000	2013 RMB'000
100% juice products	**1,261,306**	1,204,666
Nectars	**1,342,870**	1,456,107
Juice drinks	**989,708**	1,011,206
Other beverage products	**998,166**	831,906
	4,592,050	4,503,885

The Group made barter sales of approximately RMB210,199,000 (2013: RMB19,488,000) during the year, mainly in exchange for transportation vehicles and advertising services.

7. Land use rights — Group

The Group's interests in land use rights represent prepaid operating lease payments and their net book value are analyzed as follows:

	2014 RMB'000	2013 RMB'000
In PRC held on:		
Leases of between 30 to 50 years	**1,099,054**	1,123,894
Representing:		
Opening net book amount	**1,123,894**	746,261
Additions	**100,694**	170,789
Acquisition of subsidiaries	**—**	386,156
Amortization of prepaid operating lease payments (Note 27)	**(25,177)**	(18,259)
Disposals	**—**	(17,734)
Disposal of subsidiaries (Note 38)	**(100,357)**	(143,319)
Closing net book amount	**1,099,054**	1,123,894

8. Property, plant and equipment — Group

	Buildings RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Furniture and office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2014						
Opening net book amount	1,283,068	4,669,156	42,356	140,412	833,568	6,968,560
Additions	14,104	54,057	81,584	15,036	289,216	453,997
Transfer upon completion	209,926	93,437	56,667	4,649	(364,679)	–
Disposals	(10,356)	(7,108)	(7,015)	(4,992)	(36,140)	(65,611)
Disposal of a subsidiary (Note 38)	(39,113)	(68,006)	–	–	–	(107,119)
Depreciation (a) (Note 27)	(43,204)	(435,394)	(9,736)	(30,552)	–	(518,886)
Closing net book amount	1,414,425	4,306,142	163,856	124,553	721,965	6,730,941
At 31 December 2014						
Cost	1,603,084	6,584,904	276,811	366,803	721,965	9,553,567
Accumulated depreciation	(188,659)	(2,278,762)	(112,955)	(242,250)	–	(2,822,626)
Net book amount	1,414,425	4,306,142	163,856	124,553	721,965	6,730,941
Year ended 31 December 2013						
Opening net book amount	784,380	2,982,403	50,056	179,534	2,029,331	6,025,704
Additions	43,847	36,310	2,084	5,485	359,266	446,992
Acquisition of subsidiaries	239,369	543,880	4,687	2,047	289,930	1,079,913
Transfer upon completion	377,040	1,454,112	407	13,400	(1,844,959)	–
Disposals	(78,939)	(8,833)	(6,925)	(1,225)	–	(95,922)
Disposal of subsidiaries	(47,381)	–	–	–	–	(47,381)
Depreciation (a) (Note 27)	(35,248)	(338,716)	(7,953)	(58,829)	–	(440,746)
Closing net book amount	1,283,068	4,669,156	42,356	140,412	833,568	6,968,560
At 31 December 2013						
Cost	1,409,800	6,415,684	150,971	352,690	833,568	9,162,713
Accumulated depreciation	(126,732)	(1,746,528)	(108,615)	(212,278)	–	(2,194,153)
Net book amount	1,283,068	4,669,156	42,356	140,412	833,568	6,968,560

(a) Depreciation expenses have been charged to consolidated statement of comprehensive income as follows:

	2014 RMB'000	2013 RMB'000
Cost of sales	455,527	370,752
Administrative expenses	32,568	28,741
Selling and marketing expenses	30,791	41,253
	518,886	440,746

8. Property, plant and equipment — Group (Continued)

(b) Operating lease rentals amounting to approximately RMB18,347,000 for the year ended 31 December 2014 (2013: RMB9,143,000) relating to the lease of building and machinery are included in the consolidated statement of comprehensive income.

(c) There is no property, plant and equipment of the Group pledged as security for bank borrowings at 31 December 2014 (2013: nil).

(d) During the year, the Group has capitalised borrowing costs amounting to RMB35,529,000 (2013: RMB68,016,000) on qualifying assets. Borrowing costs were capitalised at the weighted average rate of its general borrowings of 4.6% (2013: 4.04%).

9. Intangible assets — Group

	Goodwill RMB'000	Sales distribution networks and customer relationships RMB'000	Trademarks RMB'000	License right RMB'000	Software RMB'000	Total RMB'000
Year ended 31 December 2014						
Opening net book amount	**3,941,580**	**167,511**	**117,620**	**–**	**1,178**	**4,227,889**
Additions	**–**	**–**	**–**	**–**	**64**	**64**
Amortisation charge (a) (Note 27)	**–**	**(21,012)**	**(5,931)**	**–**	**(90)**	**(27,033)**
Closing net book amount	**3,941,580**	**146,499**	**111,689**	**–**	**1,152**	**4,200,920**
At 31 December 2014						
Cost	**3,941,580**	**226,924**	**177,907**	**11,864**	**1,540**	**4,359,815**
Accumulated amortisation and impairment (b)	**–**	**(80,425)**	**(66,218)**	**(11,864)**	**(388)**	**(158,895)**
Net book amount	**3,941,580**	**146,499**	**111,689**	**–**	**1,152**	**4,200,920**
Year ended 31 December 2013						
Opening net book amount	166,067	148,480	122,808	739	339	438,433
Additions	–	–	–	–	487	487
Acquisition of subsidiaries	3,775,513	33,630	–	–	415	3,809,558
Amortisation charge (a) (Note 27)	–	(14,599)	(5,188)	(739)	(63)	(20,589)
Closing net book amount	3,941,580	167,511	117,620	–	1,178	4,227,889
At 31 December 2013						
Cost	3,941,580	226,924	177,907	11,864	1,476	4,359,751
Accumulated amortisation and impairment (b)	–	(59,413)	(60,287)	(11,864)	(298)	(131,862)
Net book amount	3,941,580	167,511	117,620	–	1,178	4,227,889

9. Intangible assets — Group (Continued)

(a) Amortisation of intangible assets has been charged to "administrative expenses" in the consolidated statement of comprehensive income.

(b) Impairment test for goodwill

The goodwill of RMB166,067,000 was generated from acquisition of juice business in PRC in previous years before listing and the goodwill of RMB3,775,513,000 was generated from acquisition of one of the Group's major supplier of juicy business in 2013. As the Group mainly engaged in juice business, the Company and subsidiaries were collectively viewed as one CGU. The recoverable amounts of the CGU have been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a six-year forecasted period when optimum utilization of production capacity is expected to be reached. Cash flows beyond the six-year period are extrapolated using the estimated long-term growth rates of 3%.

The other key assumptions used for value-in-use calculations in 2014 include budgeted revenue growth rates (in the range of 8%–20%) during the forecast period, budgeted gross margins (in the range of 36%–40%) and discount rate of 11% applied to the cash flow projections.

Management determined budgeted revenue growth rate and gross margin based on past performances and its expectations of market development. The long-term growth rates used are determined after considering industry forecasts and the Group's market position. The discount rate used is post-tax and reflect specific risks relating to the Group's business operations.

Based on the above assessment, the directors are of the view that there was no impairment of goodwill as at 31 December 2014.

(c) Sales distribution networks and customer relationships

The Group paid RMB154 million to acquire certain sales distribution networks from certain major distributors in May 2008.

Sales distribution networks amounting to RMB39,560,000 were identified during the acquisition transaction of milk beverage business in July 2009.

Customer relationships amounting to RMB33,630,000 were identified during the acquisition transaction of puree and concentrated juice business in October 2013.

The balances are amortised over the expected useful lives of the sales distribution networks and customer relationships.

Notes to the Consolidated Financial Statements (Continued)

10. Interests in and loans to subsidiaries

(a) Interests in subsidiaries

	Company	
	2014 RMB'000	2013 RMB'000
Unlisted equity investments, at cost	**15,580,657**	15,828,186
Amounts due from subsidiaries[i]	**1,207,066**	299,939
Capital contribution relating to share-based payment	**34,013**	21,499
Less: Impairment provision	**(3,700,467)**	(3,700,467)
	13,121,269	12,449,157

i. The amounts due from subsidiaries are unsecured, non-interest bearing and not expected to be repayable and considered as part of net investment.

The following was the list of all subsidiaries at 31 December 2014:

Name	Place of incorporation	Principal activities	Registered capital	Interest held
Directly held				
Huiyuan Beijing Holdings Limited	The British Virgin Islands (the "BVI")	Investment holdings	US$50,000 (US $1 Per ordinary Share)	100%
Huiyuan Shanghai Holdings Limited	The BVI	Investment holdings	US$50,000 (US $1 Per ordinary Share)	100%
Huiyuan Chengdu Holdings Limited	The BVI	Investment holdings	US$50,000 (US $1 Per ordinary Share)	100%
Huiyuan Europe Ltd.	The UK	Trade	GBP1,000	100%
Huiyuan Europe GmbH	Germany	Trade	EUR25,000	100%
Indirectly held				
[1]Beijing Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US$40,000,000	100%
[1]Beijing Huiyuan Group Kaifeng Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	RMB200,000,000	100%
[1]Harbin Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	RMB200,000,000	100%
[1]Jiujiang Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	RMB200,000,000	100%
[1]Beijing Huiyuan Beverage & Food Group Chengdu Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	RMB250,000,000	100%
[1]Beijing Huiyuan Group Xianyang Beverage & Food Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	RMB200,000,000	100%
[1]Beijing Xinyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US$40,000,000	100%
[1]Luzhong Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US$50,000,000	100%
[1]Xinjiang Huiyan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	RMB20,000,000	100%
[1]Hebei Huiyuan Food & Berverage Co., Ltd	The PRC	Manufacture of fruit and vegetable juices	RMB80,000,000	100%
[1]Qiqihaer Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US$15,000,000	100%

10. Interests in and loans to subsidiaries (Continued)

(a) Interests in subsidiaries (Continued)

Name	Place of incorporation	Principal activities	Registered capital	Interest held
[1]Jilin Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US$20,000,000	100%
[1]Jinzhou Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US$29,990,000	100%
[1]Jiangxi Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US$29,000,000	100%
[1]Guilin Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US$10,000,000	100%
[1]Shanxi Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US$20,000,000	100%
[1]Anhui Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US$29,800,000	100%
[1]Dezhou Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US$40,000,000	100%
[1]Jiangsu Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US$13,000,000	100%
[1]Yanbian Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US$10,000,000	100%
[1]Shandong Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US$12,000,000	100%
[1]Beijing Huiyuan biotechnology Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US$10,000,000	100%
[1]Benxi Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	RMB80,000,000	100%
[1]Dangshan Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	RMB30,000,000	100%
[1]Zhongxiang Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US $20,000,000	100%
[1]Beijing Tongchenghongye Trading Co., Ltd	The PRC	Marketing & sales of fruit and vegetable juices	RMB100,000	100%
[1]Shandong Shengshuiyu Mineral Water Co., Ltd	The PRC	Manufacture of mineral water	RMB200,000,000	100%
[1]Ningxia Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US $15,000,000	100%
[1]Suqian Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US $15,000,000	100%
[1]Shandong Xinming Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of milk and dairy drinks	US $22,000,000	100%
[1]Shaanxi Yanglin Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	RMB120,000,000	100%
[1]Shandong Yuanda Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US $8,000,000	100%
[1]Nanchong Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US $15,000,000	100%
[1]Hengshui Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US $15,000,000	100%
[1]Yuncheng Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US $15,000,000	100%
[1]Zhaodong Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US $15,000,000	100%
[1]Yongchun Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US $15,000,000	100%
[1]Yunhe Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US $30,000,000	100%

10. Interests in and loans to subsidiaries (Continued)

(a) Interests in subsidiaries (Continued)

Name	Place of incorporation	Principal activities	Registered capital	Interest held
[1]Beijing Huiyuan Potable Water Co., Ltd.	The PRC	Sales of potable water	RMB3,000,000	100%
[1]Huanggang Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	RMB30,000,000	100%
[1]XuRiSheng(Hengshui) Beverage Co., Ltd.	The PRC	Manufacture of "XuRiSheng" ice tea beverage	RMB30,000,000	100%
[1]Heilongjiang Kedong Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of mineral water	RMB30,000,000	100%
China Huiyuan Industry Holding Limited	The BVI	Investment holdings	US$1	100%
China Huiyuan Industry Limited	Hong Kong	Investment holdings	HK$1	100%
Beijing Huiyuan Total Fruit Industry Limited	The PRC	Investment holdings	RMB82,000,000	100%
[1]Beijing Huiyuan Group Wanrong Co., Ltd.	The PRC	Manufacture of puree, concentrated juice and preform	RMB60,000,000	100%
[1]Beijing Huiyuan Group Jizhong Food & Beverage Co., Ltd.	The PRC	Manufacture of puree and concentrated juice	RMB7,000,000	100%
[1]Huiyuan Jiulonggou Biology and Farming Limited	The PRC	Manufacture of puree and concentrated juice	RMB13,000,000	100%
[1]Beijing Huiyuan Group Leling Co., Ltd.	The PRC	Manufacture of puree and concentrated juice	RMB10,000,000	100%
[1]Beijing Huiyuan Group Youyu Co., Ltd.	The PRC	Manufacture of puree and concentrated juice	RMB5,000,000	100%
[1]Beijing Huiyuan Group Pingyi Co., Ltd.	The PRC	Manufacture of puree and concentrated juice	RMB2,000,000	100%
[1]Beijing Huiyuan Group Wanbei Fruit Co., Ltd.	The PRC	Manufacture of puree and concentrated juice	RMB8,000,000	100%
[1]Taian Huiyuan Food and Beverage Co. Ltd.	The PRC	Manufacture of preform	RMB10,000,000	100%
[1]Beijing Huiyuan Group Yangling Co., Ltd.	The PRC	Manufacture of puree and concentrated juice	RMB5,000,000	100%
[1]Beijing Huiyuan Group Hengshui Co., Ltd.	The PRC	Manufacture of puree and concentrated juice	RMB5,000,000	100%
[1]Shandong Yiyuan Yongxin Packing Co., Ltd.	The PRC	Manufacture of carton	RMB1,000,000	100%
[1]Beijing Huiyuan Group Longhua Co., Ltd.	The PRC	Manufacture of puree and concentrated juice	RMB5,000,000	100%
[1]Kashi Huiyuan Food & Beverage Co., Ltd.	The PRC	Trading of fruit and fruits	RMB20,000,000	100%
[1]Shanxi Guangfuyuan Trading Company Limited	The PRC	Sales of juice and beverages	RMB1,020,000	100%
[1]Lingbao Huiyuan Jindi Eucommia Industry Co., Ltd.	The PRC	Planting and processing of Eucommia	RMB300,000,000	75%
[1]Jilin Shengzeyuan Trading Co., Ltd*	The PRC	Trading of fruit and fruits	RMB1,000,000	100%
[1]Beijing Qianyubaoli Trading Co., Ltd*	The PRC	Trading of fruit and fruits	RMB2,000,000	100%
[1]Tianjin Huiyuan Qianyu Trading Co., Ltd*	The PRC	Trading of fruit and fruits	RMB1,000,000	100%
[1]Puer Huiyuan Food & Beverage Co., Ltd.*	The PRC	Manufacture of fruit and vegetable juices	RMB30,000,000	100%
[1]Kashi Huiyuan Total Fruit Industry Limited*	The PRC	Manufacture of puree and concentrated juice	RMB80,000,000	100%

1. The English names of these companies represent management's best efforts at translating the Chinese names of these companies as no English names have been registered.

* These subsidiaries were newly established during the year of 2014.

(b) Loans to subsidiaries

The loans to subsidiaries are unsecured, with interest rate of 3% per annum, and terms of 3–10 years, which were denominated in USD.

(c) Material non-controlling interests

The total non-controlling interests as at 31 December 2014 amounted to RMB141,691,000. No subsidiary has non-controlling interests that are material to the Group.

11. Deferred income tax — Group

The analysis of deferred tax assets/(liabilities) is as follows:

	2014 RMB'000	2013 RMB'000
Deferred tax assets:		
— Deferred tax asset to be recovered after more than 12 months	**129,869**	36,740
— Deferred tax asset to be recovered within 12 months	**12,831**	54,433
	142,700	91,173
Deferred tax liabilities:		
— Deferred tax liability to be recovered after more than 12 months	**(8,885)**	(9,198)
— Deferred tax liability to be recovered within 12 months	**(362)**	(411)
	(9,247)	(9,609)
Deferred tax assets (net)	**133,453**	81,564

The gross movement on the deferred income tax account is as follows:

	2014 RMB'000	2013 RMB'000
At 1 January	**81,564**	90,927
Tax losses	**53,090**	4,474
Deferred revenue and other unpaid payables	**107**	(11,308)
Amortisation of trademark	**(347)**	(347)
Government grants received	**(87)**	(2,642)
Provisions for impairment of inventories and receivables	**(7,231)**	9,059
Unrealised profit	**5,138**	1,048
Fair value gains (a)	**362**	(9,609)
Other temporary differences	**857**	(38)
At 31 December	**133,453**	81,564

11. Deferred income tax — Group (Continued)

Deferred tax assets	Provisions RMB'000	Deferred government grants RMB'000	Amortisation of trademark RMB'000	Tax losses RMB'000	Unrealised Profit RMB'000	Deferred revenue and other unpaid payables RMB'000	Others RMB'000	Total RMB'000
At 1 January 2013	4,269	4,289	7,223	57,763	3,491	13,854	38	90,927
Credited/(charged) to the consolidated statement of comprehensive income	9,059	(2,642)	(347)	4,474	1,048	(11,308)	(38)	246
At 31 December 2013	**13,328**	**1,647**	**6,876**	**62,237**	**4,539**	**2,546**	**–**	**91,173**
Credited/(charged) to the consolidated statement of comprehensive income	(7,231)	(87)	(347)	53,090	5,138	107	857	51,527
At 31 December 2014	**6,097**	**1,560**	**6,529**	**115,327**	**9,677**	**2,653**	**857**	**142,700**

Deferred tax liabilities	Fair value gains [(a)] RMB'000
At 1 January 2013	—
Acquisition of subsidiaries	(9,689)
Charged to the consolidated statement of comprehensive income	80
At 31 December 2013	(9,609)
Credited to the consolidated statement of comprehensive income	362
At 31 December 2014	(9,247)

(a) Deferred tax liabilities results from the revaluation of the assets acquired from the acquisition of puree and concentrated juice business in 2013. Most subsidiaries acquired whose major business is related to processing of agricultural products were entitled to duty free policy from government after approval of the local competent tax authorities. As a result, no deferred income tax liabilities were recognized for the revaluation of the assets of these subsidiaries.

(b) Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB164,615,000 (2013: RMB103,578,000) in respect of losses amounting to RMB658,460,000 (2013: RMB414,313,000) that can be carried forward against future taxable income. The related losses amounting to RMB79,279,000 (2013: RMB33,244,000) and RMB579,181,000 (2013: RMB381,069,000) will expire in 2015 and the years between 2016 and 2019 respectively.

Deferred income tax liabilities of RMB36,552,000 (2013: RMB55,901,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries in the PRC at 31 December 2014. The Group determined that no deferred withholding tax liabilities shall be recognised in respect of the profits of the PRC subsidiaries for the years ended 31 December 2014 and 2013 since the Group has no plan to distribute such profits in the foreseeable future.

12. Long-term prepayment — Group

	2014 RMB'000	2013 RMB'000
Long-term prepayment for LUR	**16,854**	57,902
Long-term prepayment for PPE	**89,314**	36,269
Long-term prepayment for advertising	**—**	4,384
Prepayment for consideration of business combination (Note 40)	**36,447**	—
	142,615	98,555

13. Investments accounted for using the equity method — Group

The amounts recognised in the balance sheet are as follows:

	2014 RMB'000	2013 RMB'000
Associates	**5,781**	6,413
Joint ventures	**4,734**	—
At 31 December	**10,515**	6,413

The loss recognised in the statement of comprehensive income are as follows:

	2014 RMB'000	2013 RMB'000
Associates	**(3,077)**	(7,332)
Joint ventures	**(266)**	—
For the year ended 31 December	**(3,343)**	(7,332)

Investment in associates:

	2014 RMB'000	2013 RMB'000
At 1 January	**6,413**	13,745
Investment in an associate	**2,445**	—
Share of loss of associates	**(3,077)**	(7,332)
At 31 December	**5,781**	6,413

13. Investments accounted for using the equity method — Group (Continued)

The directors of the Company are of the view that none of the Group's associates is material to the Group as at 31 December 2014. The following table presents the Group's share of loss from continuing operations and total comprehensive income of its principal associates for the years ended 31 December 2014 and 2013. The Group does not have any share of post-tax loss from discontinued operations or other comprehensive income for the years ended 31 December 2014 and 2013.

Name	Country of incorporation	% interest held	Share of profit/(loss) from continuing operations RMB'000	Share of total comprehensive income RMB'000
Year ended 31 December 2013				
Golden Creation (Tianjin) Trade Co. Ltd.	China	24.45	(3,583)	(3,583)
Beijing Xiangjuzhai Huiyuan Beverage Co., Ltd	China	30.00	(3,749)	(3,749)
			(7,332)	(7,332)
Year ended 31 December 2014				
Golden Creation (Tianjin) Trade Co. Ltd.	**China**	**24.45**	**(3,077)**	**(3,077)**
Beijing Xiangjuzhai Huiyuan Beverage Co., Ltd. (a)	**China**	**30.00**	**—**	**—**
			(3,077)	**(3,077)**

(a) The investment in Beijing Xiangjuzhai Huiyuan Beverage Co., Ltd ("Beijing Xiangjuzhai") has been reduced to nil after sharing its loss for the year ended 31 December 2013. There was no additional obligation to share the loss of Beijing Xiangjuzhai for the year ended 31 December 2014.

Investment in a joint venture:

	2014 RMB'000	2013 RMB'000
At 1 January	**—**	—
Investment in a joint venture	**5,000**	—
Share of loss of a joint venture	**(266)**	—
At 31 December	**4,734**	—

13. Investments accounted for using the equity method — Group (Continued)

The directors of the Company are of the view that Group's joint venture is not material to the Group as at 31 December 2014. The joint venture listed below has share capital consisting solely of ordinary shares, which is indirectly held by the Group.

Name	Place of operation/ incorporation, date of incorporation and kind of legal entity	Issued share/ paid up capital	Effective equity interest held by the Group	Principal activities
Erdos Huiyuan Elion Food & Beverage Co., Ltd.	China, 18 July 2014 Limited liability company	RMB10,000,000	50%	Sales of juice

The Group holds 50% of the voting rights of its joint arrangement. The Group has joint control over this arrangement as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities.

The Group's joint arrangement is structured as a limited company and provides the Group and the parties to the agreements with rights to the net assets of the limited company under the arrangements. Therefore, this arrangement is classified as a joint venture.

14. Trade and other receivables — Group

	2014 RMB'000	2013 RMB'000
Trade receivables	**1,567,837**	1,088,471
Related parties (a) (Note 39(c))	**51,339**	60,820
Third parties (a)	**1,624,114**	1,083,594
Less: Provision for impairment of trade receivables (a)	**(107,616)**	(55,943)
Bills receivable — third parties (b)	**18,748**	39,326
Prepayments of raw materials and others — third parties	**439,231**	346,440
Deductible value added tax — input balance	**141,385**	207,473
Other receivables	**15,786**	173,365
Related parties (Note 39(c))	**—**	27,194
Third parties (c)	**25,065**	182,621
Less: Provision for impairment of other receivables (c)	**(9,279)**	(36,450)
	2,182,987	1,855,075

The carrying amounts of trade and other receivables approximate their fair values.

(a) 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 2014 and 2013, the ageing analysis of trade receivables was as follows:

— Third parties

	2014 RMB'000	2013 RMB'000
Within 3 months	**1,038,330**	672,211
Between 4 and 6 months	**368,652**	63,567
Between 7 and 12 months	**97,577**	326,662
Between 1 and 2 years	**112,135**	21,154
Over 2 years	**7,420**	—
	1,624,114	1,083,594

14. Trade and other receivables — Group (Continued)

(a) (Continued)

— Related parties

	2014 RMB'000	2013 RMB'000
Within 3 months	**50,493**	60,148
Over 3 months	**846**	672
	51,339	60,820

Movements on the provision for impairment of trade receivables are as follows:

	2014 RMB'000	2013 RMB'000
At 1 January	**55,943**	35,016
Provision for impairment of trade receivables	**51,673**	41,299
Trade receivables written off during the year as uncollectible	**—**	(20,372)
At 31 December	**107,616**	55,943

As at 31 December 2014, trade receivables of RMB107,616,000 (2013: RMB21,154,000) were past due and fully provided for provision. There is no trade receivable past due but not impaired. The individually impaired receivables mainly relate to customers, which are in unexpected difficult economic situations. The ageing of these receivables is as follows:

	2014 RMB'000	2013 RMB'000
7 to 12 months	**2,441**	34,789
Over 1 year	**105,175**	21,154
	107,616	55,943

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

	2014 RMB'000	2013 RMB'000
Renminbi	**1,558,243**	1,014,282
U.S. Dollar	**9,594**	74,189
	1,567,837	1,088,471

14. Trade and other receivables — Group (Continued)

(a) (Continued)

The creation and release of provisions for impaired receivables have been included in administrative expenses in the consolidated statement of comprehensive income (Note 27). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(b) Bills receivable

Bills receivable are bills of exchange with maturity dates of less than 6 months and are non-interest bearing. All the bills receivables are dominated in Renminbi.

No bill receivable was pledged as security for current bank borrowings as at 31 December 2014 (2013: nil).

(c) Details of other receivables — third parties are as follows:

	2014 RMB'000	2013 RMB'000
Receivable from disposal of land use rights	—	120,000
Deposit receivable	**12,711**	8,900
Consideration receivable from disposal of subsidiaries	**2,000**	45,000
Advance to employees	**1,326**	560
Others	**9,028**	8,161
	25,065	182,621

Movements on the provision for impairment of other receivables are as follows:

	2014 RMB'000	2013 RMB'000
At 1 January	**36,450**	3,339
(Reversal of provision)/provision for impairment of other receivables	**(27,171)**	33,111
At 31 December	**9,279**	36,450

15. Inventories — Group

	2014 RMB'000	2013 RMB'000
Raw materials	**724,596**	896,897
Finished goods	**168,034**	104,953
Spare parts and consumable materials	**318,603**	323,417
	1,211,233	1,325,267

The cost of inventories recognised as expenses amounted to RMB2,065,919,000 (2013: RMB2,341,144,000), which included inventory write-down of RMB5,463,000 (2013: RMB42,327,000).

16. Available-for-sale financial assets — Group

	2014 RMB'000	2013 RMB'000
Treasury products issued by commercial banks	**265,423**	—

The Group invested in unlisted treasury products issued by commercial banks in the PRC. The principals of these investments are not guaranteed and the investments have an expected rate of return of 2.8% per annum. The investments are denominated in RMB and redeemable on the demand of the Group.

17. Cash and cash equivalents and restricted cash — Group and Company

Restricted cash comprised letter of credit deposits for the purchasing of equipment, deposits for note payables and time deposits for bank borrowings. All the restricted cash are dominated in Renminbi.

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Cash at banks and cash in hand				
Denominated in				
— Renminbi Yuan	843,332	1,486,108	—	1
— U.S. Dollars	303,784	23,981	301,476	4,998
— Euros	8	5,038	—	34
— Others	131	79	172	77
	1,147,255	1,515,206	301,648	5,110
Less: Restricted cash				
— pledged for letter of credits	(368,367)	(65,947)	—	—
— deposit for note payables	(59,515)	(41,838)	—	—
— time deposits for bank borrowings	(25,000)	(470,000)	—	—
	(452,882)	(577,785)	—	—
	694,373	937,421	301,648	5,110

At present, Renminbi is not a freely convertible currency in the international market. The conversion of Renminbi into foreign currency and remittance of Renminbi out of the PRC is subject to the rules and regulation of exchange control promulgated by the PRC government.

18. Share capital, share premium and convertible preference shares

	Number of shares of USD0.00001 each (Thousands)	Share capital RMB'000	Share premium RMB'000	Convertible preference shares RMB'000	Total RMB'000
At 1 January 2014	**2,000,275**	**147**	**6,006,880**	**2,831,338**	**8,838,365**
Issuance of ordinary shares pursuant to Share Award Scheme	**2,000**	**0**	**6,463**	**–**	**6,463**
Vesting of shares under Share Award Scheme	**–**	**–**	**368**	**–**	**368**
Shares converted from convertible preference shares (a)	**530,000**	**33**	**2,289,831**	**(2,289,864)**	**–**
At 31 December 2014	**2,532,275**	**180**	**8,303,542**	**541,474**	**8,845,196**
At 1 January 2013	1,477,953	115	3,776,401	–	3,776,516
Issuance of ordinary shares excluding those issued as consideration for business combination	75,000	5	302,438	–	302,443
Issuance costs in relation to issuance of ordinary shares	–	–	(4,586)	–	(4,586)
Issuance of ordinary shares as consideration for business combination	447,322	27	1,932,627	–	1,932,654
Issuance of convertible preference shares as consideration for business combination (a)	–	–	–	2,831,338	2,831,338
At 31 December 2013	2,000,275	147	6,006,880	2,831,338	8,838,365

(a) On 21 October 2013, the Company issued 655,326,877 convertible preference shares (the "CPS") in the aggregate principal amount of HK$3,578,085,000 (equivalent to approximately RMB2,831,338,000). Each CPS is convertible into one ordinary share of the Company at any time after issuance (subject to standard anti-dilution adjustments) and has the same right to receive dividends and other distributions as ordinary share. The CPS are non-redeemable by the Company or the holders.

As the Company has no contractual obligation to deliver cash or another financial asset nor to deliver a variable number of shares, the CPS do not meet the definition of financial liabilities under IAS 32. As a result, all of the CPS are classified as equity upon initial recognition.

During the year ended 31 December 2014, CPS with carrying value of HK$2,893,800,000 (equivalent to approximately RMB2,289,864,000) had been converted into ordinary shares of the Company.

19. Reserve of the Company

	Company RMB'000
At 1 January 2014	**1,729,542**
Loss for the year	**(42,053)**
Share-based compensation	**12,514**
At 31 December 2014	**1,700,003**
At 1 January 2013	1,776,157
Loss for the year	(46,615)
At 31 December 2013	1,729,542

20. Share-based compensation

(a) Share Option Scheme

The share option scheme was approved on 30 January 2007.

Under the share option scheme, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 138,749,750 shares of the Company, being 10% of the total number of shares in issue immediately prior to the date on which dealings in the Shares commenced on The Stock Exchange of Hong Kong Limited. The Share Option Scheme will remain in force for a period of 10 years from 23 February 2007. Under the Share Option Scheme, each option has a 10-year exercise period. The subscription price per share shall be the market price on the grant date.

35,450,000 share options granted under the Share Option Scheme on 25 February 2008 have a vesting period of five years. Commencing from the first, second, third and fourth anniversary of the date of grant, the relevant grantees may exercise up to 25%, 50%, 75% and 100%, respectively, of the shares comprised in his or her option. As at 31 December 2014, 22,697,208 share options granted on 25 February 2008 had lapsed and the number of outstanding share options was 12,752,792.

27,180,000 share options granted under the Share Option Scheme on 20 March 2014 have a vesting period of five years. Commencing from the first, second, third and fourth anniversary of the date of grant, the relevant grantees may exercise up to 25%, 50%, 75% and 100%, respectively, of the shares comprised in his or her option. As at 31 December 2014, 9,250,000 share options granted on 20 March 2014 had lapsed and the number of outstanding share options was 17,930,000.

750,000 share options granted under the Share Option Scheme on 20 March 2014 have a vesting period of three years.

Except above, there is no other share option granted under the share option scheme.

20. Share-based compensation (Continued)

(a) Share Option Scheme (Continued)

Movement of the options granted under the share option scheme during the year ended 31 December 2014 is as follows:

Grantee	Date of grant	Date of expiry	Exercise Price (HK$)	Number of underlying shares comprised in the options outstanding as at 1 January 2014	Number of underlying shares comprised in the options granted during the year	Number of underlying shares comprised in the options lapsed during the year	Number of underlying shares comprised in the options exercised during the year	Number of underlying shares comprised in the options outstanding as at 31 December 2014
An aggregate of 515 employees	25 February 2008	25 February 2018	6.39	13,769,792	–	(1,017,000)	–	12,752,792
An aggregate of 129 employees	20 March 2014	20 March 2024	6.12	–	27,180,000	(9,250,000)	–	17,930,000
An aggregate of 5 directors	20 March 2014	20 March 2024	6.12	–	750,000	–	–	750,000

The fair value of the share options granted on 20 March 2014 has been valued by an independent qualified valuer using the Binomial valuation model.

	RMB'000
Fair value of the share options granted on 20 March 2014	51,622

The fair value of the share options was determined using the binomial model. The significant inputs into the model were as follows:

Grant date	20 March 2014
Spot share price (HK$)	6.12
Strike price (HK$)	6.12
Expected volatility	42.67%
Maturity (years)	10
Interest rate	2.30%
Dividend yield	0%
Suboptimal exercise factor for employees	1.5

20. Share-based compensation (Continued)

(a) Share Option Scheme (Continued)

The expected volatility is estimated by making reference to the volatility of the Company.

Fair values of the share options are charged to the consolidated statement of comprehensive income over the vesting periods of the options. The amount charged to the consolidated comprehensive income statement as employee benefit expense during the year ended 31 December 2014 was approximately RMB962,000 (2013: nil).

(b) Share Award Scheme

The Chief Executive Officer and Directors Share Award Scheme and the Employees Share Award Scheme (collectively, the "Share Award Schemes") was approved by the Board of Directors on 18 March 2014 and took effect on 19 March 2014. The purposes of the Share Award Schemes are to (a) recognise the contributions by certain grantees and incentivizing them for the continuing operation and development of the Group and (b) attract suitable personnel for further development of the Group.

The Group has established a trust (the "Share Award Trust") with Law Debenture Trust (Asia) Limited to administer and hold the Company's shares before they are vested and transferred to selected grantees. As the financial and operational policies of the Share Award Trust are governed by the Group, and the Group benefits from the Share Award Trust's activities, the Share Award Trust is consolidated in the Group's consolidated financial statements as a structured entity.

Upon granting of shares to selected grantees, the awarded shares are either purchased from the open market by the Share Award Trust (with funds provided by the Company by way of contribution or loan) or acquired by subscription at the market price. According to the vesting conditions approved by the Board of Directors, the vested shares are transferred to selected grantees at nil consideration. Dividends declared for unvested awarded shares shall become part of the trust fund for future grantees.

The maximum number of ordinary shares that may be awarded by the Board of Directors pursuant to the Share Award Scheme must not, on an aggregate basis, exceed 0.50% of the issued ordinary shares in the capital of the Company as at 19 March 2014 (being 10,042,293 shares).

When the shares awarded are granted to selected grantees, the fair value of the shares awarded based on the market value of the Company's shares on the date of grant is charged as employee benefit expenses in the consolidated statement of comprehensive income over the respective vesting periods.

During the year ended 31 December 2014, the Group granted an aggregate of 8,042,293 shares under the Share Award Scheme, amongst which 3,208,458 awarded shares vested during the year, including 1,208,458 shares purchased from the open market and 2,000,000 shares newly issued. The related share-based compensation expenses have been recognized during the year ended 31 December 2014.

20. Share-based compensation (Continued)

(b) Share Award Scheme (Continued)

Movement of the shares granted under the Share Award Scheme during the year ended 31 December 2014 is as follows:

	2014	
	Weighted average fair value (per share) HK$	Number of Shares granted (Thousands)
As at 1 January	—	—
Granted	5.016	8,042
Vested	3.967	(3,208)
Lapsed	5.330	(4,834)
As at 31 December	—	—

The fair value of shares awarded and charged to the consolidated statement of comprehensive income was RMB11,552,000 for the year ended 31 December 2014.

21. Trade and other payables

Group	2014 RMB'000	2013 RMB'000
Trade payables (a)(b)	1,268,497	1,082,898
Related parties (Note 39(c))	45,848	40,001
Third parties	1,222,649	1,042,897
Other payables	808,755	592,836
Related parties (Note 39(c))	51,324	4,034
Third parties (c)	757,431	588,802
	2,077,252	1,675,734

	2014 RMB'000	2013 RMB'000
Trade and other payables		
Non-current	57,140	—
Current	2,020,112	1,675,734
	2,077,252	1,675,734

21. Trade and other payables (Continued)

(a) Details of ageing analysis of trade payables are as follows:

— Third parties

	2014 RMB'000	2013 RMB'000
Within 3 months	**1,136,120**	934,830
Between 4 and 6 months	**53,410**	44,035
Between 7 and 12 months	**25,482**	49,883
Between 1 and 2 years	**2,689**	8,339
Between 2 and 3 years	**4,605**	5,648
Over 3 years	**343**	162
	1,222,649	1,042,897

— Related parties

	2014 RMB'000	2013 RMB'000
Within 3 months	**45,848**	35,648
Between 4 and 6 months	**—**	2,260
Between 7 and 12 months	**—**	2,093
	45,848	40,001

(b) The carrying amounts of the Group's trade payables were denominated in the following currencies:

	2014 RMB'000	2013 RMB'000
Renminbi	**1,194,636**	1,048,920
U.S. Dollar	**71,784**	33,978
Euro	**2,077**	—
	1,268,497	1,082,898

21. Trade and other payables (Continued)

(c) Details of other payables — third parties are as follows:

Group	2014 RMB'000	2013 RMB'000
Payable for property, plant and equipment	**163,519**	130,342
Marketing expenses payable	**122,969**	47,288
Deposits payable	**117,536**	108,501
Advertising expenses payable	**82,195**	73,622
Accrued expenses	**62,055**	71,312
Advance from customers	**52,542**	44,094
Salary and welfare payable	**46,790**	33,632
Other taxes	**33,270**	20,224
Interest payables	**20,336**	18,420
Payable for land use rights	**12,175**	12,175
Others	**44,044**	29,193
	757,431	588,802

Company	2014 RMB'000	2013 RMB'000
Amount due to subsidiaries	**7,921**	7,575

22. Borrowings

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Non-current				
Bank borrowings	**327,782**	1,837,280	**291,671**	884,051
Current				
Bank borrowings	**3,130,667**	1,948,763	**1,842,350**	180,944
Total Bank borrowings	**3,458,449**	3,786,043	**2,134,021**	1,064,995

22. Borrowings (Continued)

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Unsecured	**3,458,449**	3,786,043	**2,134,021**	1,064,995

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Less than 1 year	**3,130,667**	1,948,763	**1,842,350**	180,944
Between 1 and 2 years	**25,000**	968,544	**—**	884,051
Between 2 and 5 years	**302,782**	868,736	**291,671**	—
Total Bank borrowings	**3,458,449**	3,786,043	**2,134,021**	1,064,995

The annual effective interest rates at the balance sheet dates were as follows:

	Group		Company	
	2014	2013	2014	2013
Bank borrowings	**4.90%**	5.61%	**4.04%**	4.57%

Since the non-current bank borrowings are at floating interest rates, which equals to Libor plus appropriate credit rates, their carrying amounts approximate their fair value.

The carrying amounts of current borrowings approximate their fair value.

The Group's borrowings at the balance sheet dates were denominated in the following currencies:

	Group		Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
U.S. Dollar	**2,134,021**	1,957,161	**2,134,021**	1,064,995
HKD	**38,317**	—	**—**	—
Renminbi	**1,286,111**	1,828,882	**—**	—
	3,458,449	3,786,043	**2,134,021**	1,064,995

23. Deferred government grants — Group

	2014 RMB'000	2013 RMB'000
Opening net amount at beginning of year	92,969	103,927
Additions	—	5,818
Acquisition of subsidiaries	—	14,625
Credited to statement of comprehensive income (Note 25)	(30,767)	(31,401)
Closing net amount at end of year	62,202	92,969
At end of year		
Cost	130,922	150,879
Accumulated amortisation	(68,720)	(57,910)
Net book amount	62,202	92,969

Analysis of government grants received/receivable by the Group was as follows:

	2014 RMB'000	2013 RMB'000
For acquisition of property, plant and equipment	58,076	16,976
For acquisition of land use right	43,763	133,903
For operating expenses over certain periods of time	29,083	—
	130,922	150,879

24. Convertible Bonds — Group and Company

	2014 RMB'000	2013 RMB'000
Non-current		
The 2016 Convertible Bonds (a)	185,952	—
The 2019 Convertible Bonds (b)	674,430	—
	860,382	—
Current		
The 2016 Convertible Bonds (a)	—	837,576
	860,382	837,576

24. Convertible Bonds — Group and Company (Continued)

(a) The 2016 Convertible Bonds

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:

(i) Interest rate:

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

(ii) 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.

(iii) 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.

(iv) 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

24. Convertible Bonds — Group and Company (Continued)

(a) The 2016 Convertible Bonds (Continued)

(iv) Redemption at the Option of the Company (Continued)

(ii) upon giving not less than 30 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.

(v) 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.

(vi) 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.

On 29 April 2014, the Company redeemed an aggregate principal amount of US$117,300,000 of the 2016 Convertible Bonds upon exercise of the redemption option by the bondholders. The difference of RMB65,776,000 between the consideration of US$121,042,000 (103.19% of US$117,300,000, equivalent to approximately RMB745,144,000) and the convertible bonds derecognised of RMB679,368,000 (Note 24(c)) has been recognised as "loss on early redemption of convertible bonds" in the consolidated statement of comprehensive income for the year ended 31 December 2014.

As at 31 December 2014, the fair value of the 2016 Convertible Bonds outstanding was determined by an independent qualified valuer. The fair value of the liability component of the 2016 Convertible Bonds was calculated at the present value of the redemption amount, at 105.6% of the outstanding principal amount. The fair value of the conversion rights of the 2016 Convertible Bonds was determined using the binomial valuation model.

24. Convertible Bonds — Group and Company (Continued)

(a) The 2016 Convertible Bonds (Continued)

(vi) *Redemption for Delisting or Change of Control* (Continued)

The fair value gain in the conversion rights of the 2016 Convertible Bonds for the year ended 31 December 2014 of RMB15,662,000 (2013: a loss of RMB4,851,000) was recognised as "unrealised gain on change of fair value of embedded derivatives of convertible bonds" in the consolidated statement of comprehensive income. The related interest expense of the liability component of the 2016 Convertible Bonds for the year ended 31 December 2014 amounted to RMB59,605,000 (2013: RMB111,273,000), which was calculated using the effective interest method with an effective interest rate of 16.45%.

As at 31 December 2014, the 2016 Convertible Bonds were classified as non-current liabilities as the Company is not obliged to redeem the remaining outstanding bonds until 29 April 2016.

As at 31 December 2013, the 2016 Convertible Bonds were classified as current liabilities due to that the redemption option of the bonds falls on 29 April 2014.

(b) The 2019 Convertible Bonds

On 31 March 2014, the Company issued an aggregate of US$150,000,000 convertible bonds due 30 April 2019 (the "2019 Convertible Bonds").

The major terms and conditions of the 2019 Convertible Bonds are as follows:

(i) *Interest rate:*

The Company shall pay an interest on the 2019 Convertible Bonds at 4.0% per annum. Interest rate will be subject to adjustment upon conversion of the 2019 Convertible Bonds but retrospectively for the whole life of the convertible bonds (and not in respect of the preceding interest period only) by reference to the conversion price in effect on the relevant conversion date, such that the adjusted interest rate shall be either 0% per annum or 9% per annum.

24. Convertible Bonds — Group and Company (Continued)

(b) The 2019 Convertible Bonds (Continued)

(ii) Conversion price:

The conversion price is initially HK$7.00 per share, subject to adjustments for certain specified dilutive and other events, including the adjustment by reference to the Adjusted EPS (as defined below) of the Company on the relevant conversion (provided always that the conversion price in effect on the relevant conversion date shall not be less than HK$5.30 nor exceed HK$7.00).

The Adjusted EPS means the Company's adjusted net income for the financial year, which is mutually agreed by the Company and the holders and shall be equal to the total comprehensive income for the year attributable to equity holders of the Company based on the announced annual financial statements of the Company for the relevant year excluding certain extraordinary, exceptional and non-recurring items but including certain permitted items, divided by the total number of shares outstanding at the end of such financial year (on a fully-diluted basis).

(iii) Maturity

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem all the outstanding bonds at 105% of the principal amount together with any accrued but unpaid interest on such principal amount on 30 April 2019.

(iv) Redemption at the Option of the holders

A Bondholder shall have the right at its sole option (but is not obliged) to require the Company to redeem the Bonds (in full or in part) at an amount equal to 103% of the principal amount together with any accrued but unpaid interest on such principal amount on 31 March 2017.

Convertible Bonds issued by the Company that contain both a liability and embedded derivatives are classified separately into these respective items on initial recognition. Conversion rights that will be settled other than by the exchange of a fixed amount of cash or other financial assets for a fixed number of the Company's shares are conversion right derivatives. Redemption rights are also embedded derivatives and accounted together with conversion right as a single derivative. At the date of issue of the Convertible Bonds, the derivative is recognised at fair value, the host liability is recognised at the residual amount after deducting the fair value of derivatives from the fair value of the Convertible Bonds as a whole.

In subsequent periods, the liability component of the Convertible Bonds is carried at amortised cost using the effective interest method. The conversion right derivative is measured at fair value with changes in fair value recognised in the consolidated statement of comprehensive income.

24. Convertible Bonds — Group and Company (Continued)

(b) The 2019 Convertible Bonds (Continued)

(iv) Redemption at the Option of the holders (Continued)

The fair value of the 2019 Convertible Bonds was determined by an independent qualified valuer. The fair value of the liability component upon the issuance of the 2019 Convertible Bonds was calculated at the present value of the redemption amount, at 105% of the principal amount. The fair value of the embedded derivatives (conversion component) of the 2019 Convertible Bonds was determined using the binomial valuation model.

According to the valuation report issued by an independent qualified valuer, the fair value of the 2019 Convertible Bonds on 31 March 2014 amounted to US$191 million. The difference between the fair value of the 2019 Convertible Bonds and the cash consideration of US$150 million, amounting to US$41 million (equivalent to approximately RMB251,906,000) was deferred and allocated between the liability component and conversion component based on the relative fair values of these two components on the date of issuance of the 2019 Convertible Bonds. The portion allocated to the liability component was recognised over the terms of 2019 Convertible Bonds using the effective interest method whereas the remaining portion allocated to the conversion component was amortised on a straight-line method over the terms of 2019 Convertible Bonds. The effective interest rate of the liability component is 13.95%.

The fair value of the embedded derivatives of the 2019 Convertible Bonds was determined using the binomial model, and the inputs into the model at the relevant dates were as follows:

The 2019 Convertible Bonds	Issue date of 31 March 2014	31 December 2014
Conversion price	**HK$7.000**	HK$7.000
Share price	**HK$5.640**	HK$2.900
Expected volatility[1]	**42.04%**	41.34%
Remaining life	**5.08 years**	4.33 years
Risk-free rate[2]	**1.54%**	1.35%

(1) Represents the range of the volatility curves used in the valuation analysis that the entity has determined market participants would use when the pricing contracts.

(2) Represents the yield of Fund Bills & Notes of the Stock Exchange of Hong Kong with a same maturity life as the 2019 Convertible Bonds.

24. Convertible Bonds — Group and Company (Continued)

(b) The 2019 Convertible Bonds (Continued)

(iv) Redemption at the Option of the holders (Continued)

The Company decided to issue the 2019 Convertible Bonds, even though the fair value of the 2019 Convertible Bonds was higher than the cash consideration, because the Company required additional capital to finance its general working capital requirements and the potential redemption of the 2016 Convertible Bonds.

The fair value gain in the embedded derivatives (conversion component) of the 2019 Convertible Bonds for the year ended 31 December 2014 of RMB305,125,000 and the amortisation of deferred loss on conversion component of RMB12,143,000 were recognised as "unrealised gain on change of fair value of embedded derivatives of convertible bonds" in the consolidated statement of comprehensive income. The related interest expense of the liability component of the 2019 Convertible Bonds for the year ended 31 December 2014 amounted to RMB66,288,000, which was calculated using the effective interest method.

(c) The movements in the components of the 2016 Convertible Bonds and the 2019 Convertible Bonds during the year ended 31 December 2014 are set out below:

	The 2016 Convertible Bonds			The 2019 Convertible Bonds		
	Liability component RMB'000	Embedded derivatives RMB'000	Total RMB'000	Liability component RMB'000	Embedded derivatives RMB'000	Total RMB'000
As at 1 January 2014	757,261	80,315	837,576	–	–	–
Issuance of convertible bonds	–	–	–	788,851	385,870	1,174,721
Deferred losses upon issuance	–	–	–	(169,161)	(82,745)	(251,906)
Change in fair value of embedded derivatives	–	(15,662)	(15,662)	–	(305,125)	(305,125)
Amortisation of deferred loss on conversion component	–	–	–	–	12,143	12,143
Redemption of convertible bonds	(615,957)	(63,411)	(679,368)	–	–	–
Interest expense	59,605	–	59,605	66,288	–	66,288
Interest paid	(22,499)	–	(22,499)	(18,503)	–	(18,503)
Unrealised exchange loss/(gain)	6,300	–	6,300	(3,188)	–	(3,188)
As at 31 December 2014	184,710	1,242	185,952	664,287	10,143	674,430

24. Convertible Bonds — Group and Company (Continued)

(d) According to the valuation report issued by an independent qualified valuer, the fair value of the liability component of the 2016 Convertible Bonds and the 2019 Convertible Bonds at 31 December 2014 amounted to RMB204,262,000 and RMB818,273,000 respectively, which are calculated using cash flows discounted at a rate of 7.12% and 8.27% respectively.

25. Other income —net

	2014 RMB'000	2013 RMB'000
Government subsidy income	**62,633**	224,785
Net income from sales of materials and scrap	**13,234**	12,884
Amortisation of deferred government grants (Notes 23)	**30,767**	31,401
Gain on disposals of property, plant and equipment and land use rights	**1,446**	61,995
Donation	**(9,426)**	—
Net income from sales of trucks	**—**	—
Sales of trucks	**—**	44,813
Cost of trucks	**—**	(44,813)
Others	**6,448**	6,407
	105,102	337,472

26. Other gains — net

	2014 RMB'000	2013 RMB'000
Gain on disposal of subsidiaries (Note 38)	**151,004**	425,928

27. Expenses by nature

	2014 RMB'000	2013 RMB'000
Raw materials used in inventories (Note 15)	**2,060,456**	2,298,817
Advertising and other marketing expenses	**823,317**	830,435
Employee benefit expense (Note 28)	**590,224**	402,144
Depreciation of property, plant and equipment (Note 8)	**518,886**	440,746
Transportation and related charges	**220,122**	181,596
Water and electricity	**213,982**	186,665
Impairment loss of inventories	**5,463**	42,327
City construction tax, property tax and other tax surcharges	**91,353**	70,537
Repairs and maintenance	**67,790**	56,103
Impairment loss of long term prepayment	**52,969**	—
Travelling expense	**30,773**	21,222
Office and communication expenses	**29,993**	20,474
Amortization of trade mark, license right, sales distribution networks and customer relationships (Note 9)	**27,033**	20,589
Amortization of prepaid operating lease payments (Note 7)	**25,177**	18,259
Impairment loss of trade and other receivables (Note 14)	**24,502**	74,410
Rental expenses	**18,347**	9,143
Auditors' remuneration	**4,980**	5,439
Transaction costs in relation to business combination	**—**	29,643
Other expenses	**96,572**	59,764
Total cost of sales, selling and marketing and administrative expenses	**4,901,939**	4,768,313

28. Employee benefit expense

	2014 RMB'000	2013 RMB'000
Wages and salaries	**516,438**	361,105
Contributions to pension plan and other benefits	**61,272**	41,039
Share-based compensation	**12,514**	—
	590,224	402,144

(a) The employees of the Group participate in certain defined contribution pension plans organised by the relevant municipal and provincial government under which the Group are required to make monthly defined contributions to this plan at a certain rate of the employees' basic salary dependent upon the applicable local regulations.

28. Employee benefit expense (Continued)

(b) Directors' emoluments

The aggregate amounts of the emoluments paid and payable to the directors of the Company by companies comprising the Group during the year were as follows:

	2014 RMB'000	2013 RMB'000
Salaries, wages and bonuses	3,839	3,560
Contributions to pension plan	52	29
Welfare and other expenses	147	54
Share-based compensation	960	–
	4,998	3,643

The emoluments of the directors were as follows:

	2014				
Name of director	Salaries, wages and bonuses RMB'000	Contributions to pension plan RMB'000	Welfare and other expenses RMB'000	Share-based compensation RMB'000	Total RMB'000
Mr. Zhu Xinli	1,320	–	83	–	1,403
Ms. Zhu Shengqin (i)	775	26	32	–	833
Mr. Cui Xianguo (ii)	720	26	32	–	778
Mr. Leung Man Kit	392	–	–	192	584
Mr. Song Quanhou	232	–	–	192	424
Mr. Zhao Chen	200	–	–	192	392
Ms. Zhao Yali	200	–	–	192	392
Mr. Andrew Y.Yan	–	–	–	192	192
Mr. Li Wen-chieh (iii)	–	–	–	–	–
Mr. Jiang Xu (iv)	–	–	–	–	–

(i) Ms. Zhu Shengqin was appointed as an executive director of the Company with effect from 29 August 2014.

(ii) Mr. Cui Xianguo was appointed as an executive director of the Company with effect from 18 March 2014.

(iii) Mr. Li Wen-chieh ceased to be an executive director of the Company with effect from 18 March 2014.

(iv) Mr. Jiang Xu ceased to be an executive director of the Company with effect from 29 August 2014.

28. Employee benefit expense (Continued)

(b) Directors' emoluments (Continued)

	2013			
Name of director	Salaries, wages and bonuses RMB'000	Contributions to pension plan RMB'000	Welfare and other expenses RMB'000	Total RMB'000
Mr. Zhu Xinli	1,320	—	19	1,339
Mr. Li Wen-chieh	800	—	—	800
Mr. Jiang Xu	480	29	35	544
Mr. Andrew Y. Yan	—	—	—	—
Mr. Leung Man Kit	360	—	—	360
Ms. Zhao Yali	200	—	—	200
Mr. Song Quanhou	200	—	—	200
Mr. Zhao Chen	200	—	—	200

None of the directors waived any emoluments during the years ended 31 December 2014 and 2013.

During the year, no emoluments have been paid to the directors as an inducement to join or as compensation for loss of office (2013: nil).

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group were as follows:

	Number of individuals	
	2014	2013
Directors	1	2
Other senior management	4	3

28. Employee benefit expense (Continued)

(c) Five highest paid individuals (Continued)

The five highest paid individuals include one (2013: two) director whose emoluments were reflected in the analysis presented in Note 28(b). Details of remuneration of members of other senior management amongst the five highest paid individuals were as follows:

	2014 RMB'000	2013 RMB'000
Salaries, wages and bonuses	**8,877**	4,350
Contributions to pension plan	**52**	35
Welfare and other expenses	**151**	38
Share-based compensation	**11,552**	—
	20,632	4,423

The emoluments of these members of senior management fell within the following band:

	Number of individuals	
	2014	2013
HK$500,001–HK$1,000,000	**—**	1
HK$1,000,001–HK$1,500,000	**—**	1
HK$1,500,001–HK$2,000,000	**1**	—
HK$2,000,001–HK$2,500,000	**1**	—
HK$2,500,001–HK$3,000,000	**—**	1
HK$9,000,001–HK$9,500,000	**1**	—
HK$11,500,001–HK$12,000,000	**1**	—

29. Finance expenses

	2014 RMB'000	2013 RMB'000
Interest expenses:		
— Bank borrowings	**216,468**	187,413
— Interest expense relating to convertible bonds (Note 24)	**125,893**	111,273
Exchange loss (excluding convertible bonds)	**8,678**	—
Exchange loss on liability component of convertible bonds (Note 24)	**3,112**	—
Less: Interest capitalised	**(35,529)**	(68,016)
	318,622	230,670
Weighted average effective interest rates used to calculate capitalisation amount	**4.60%**	4.04%

30. Finance income

	2014 RMB'000	2013 RMB'000
Interest income:		
— from bank deposits	**28,495**	7,572
Exchange gain (excluding convertible bonds)	**—**	34,509
Exchange gain on liability component of convertible bonds	**—**	20,621
	28,495	62,702

31. Income tax expense

	2014 RMB'000	2013 RMB'000
Deferred income tax credit (Note 11)	**(51,889)**	(326)
Current income tax — PRC enterprise income tax	**74,512**	83,718
	22,623	83,392

31. Income tax expense (Continued)

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

	2014 RMB'000	2013 RMB'000
(Loss)/profit before income tax	**(104,385)**	318,821
Tax calculated at the statutory tax rates of 25% (2013: 25%)	**(26,096)**	79,705
Tax effect:		
Fair value change in conversion right of convertible bonds not subject to tax	**(77,161)**	1,213
Loss on early redemption of convertible bonds not subject to tax	**16,444**	—
Impact of different tax rate	**1,375**	(689)
Expense not deductible for tax purpose	**46,883**	1,534
Tax losses for which no deferred income tax asset was recognized	**62,171**	24,763
Tax losses used in current year which no deferred income tax asset was recognised in prior year	**(1,134)**	(23,134)
Changing fair value of available-for-sale financial assets	**141**	—
Income tax expense	**22,623**	83,392

(a) The significant change in weighted average income tax rate amongst the years ended 31 December 2014 and 2013 was mainly attributable to the gain/loss of the Company arising from the change in fair value of embedded derivatives of convertible bonds. As the Company is exempted from Cayman Islands income tax under the Companies Law of Cayman Islands, such fair value loss is not deductible for income tax purposes.

(b) Cayman Islands income tax

The Company is incorporated in Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(c) British Virgin Islands (B.V.I.) Income tax

Some of the subsidiaries are incorporated in B.V.I. as an exempted company with limited liability under the Companies Law of B.V.I. and accordingly, is exempted from B.V.I. income tax.

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

31. Income tax expense (Continued)

(e) 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 2013 and 2014 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.

(f) According to Enterprise Income Tax Law approved by National People's Congress (NPC) on March 16, 2007, certain subsidiaries of the Group whose major business is related to processing of agricultural products enjoy duty free policy from government after approval of the local competent tax authorities.

32. (Losses)/earnings per share

(a) Basic

On 21 October 2013, the Company issued 655,326,877 convertible preference shares (Note 18(a)).

Basic (losses)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares and convertible preference shares outstanding during the year.

	2014 RMB'000	2013 RMB'000
(Loss)/profit attributable to equity holders of the Company		
Basic (losses)/earnings attributable to ordinary shares	**(100,591)**	211,297
Basic (losses)/earnings attributable to convertible preference shares	**(26,177)**	17,166
	(126,768)	228,463

32. (Losses)/earnings per share (Continued)

(a) Basic (Continued)

	Ordinary shares		Convertible preference shares	
	2014	**2013**	**2014**	**2013**
Weighted average number of shares outstanding for basic (losses)/earnings per share (thousands)	**2,108,007**	1,569,076	**548,560**	127,475

	2014	**2013**
Basic (losses)/earnings per ordinary share (RMB cents)	**(4.8)**	13.5
Basic (losses)/earnings per convertible preference share (RMB cents)	**(4.8)**	13.5

(b) Diluted

Diluted (losses)/earnings per share is calculated by adjusting the weighted average number of ordinary shares and convertible preference 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 the 2016 Convertible Bonds, the 2019 Convertible Bonds and share option schemes. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's shares) 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 exercise of the share options.

32. (Losses)/earnings per share (Continued)

(b) Diluted (Continued)

	2014 RMB'000	2013 RMB'000
(Loss)/profit attributable to equity holders of the Company	**(126,768)**	228,463
Add: Interest expense relating to the 2019 Convertible Bonds	**66,288**	—
Add: Unrealised exchange loss relating to the 2019 Convertible Bonds	**(3,188)**	—
Less: Fair value change in the embedded derivatives of the 2019 Convertible Bonds	**(292,982)**	—
(Loss)/profit attributable to equity holders of the Company, used to determine diluted (losses)/earnings per share	**(356,650)**	228,463
Diluted (losses)/earnings attributable to ordinary shares	**(286,335)**	228,463
Diluted (losses)/earnings attributable to convertible preference shares	**(70,315)**	—
	(356,650)	228,463

	Ordinary shares		Convertible preference shares	
	2014	2013	2014	2013
Weighted average number of shares outstanding for basic earnings per share (thousands)	**2,108,007**	1,569,076	**548,560**	127,475
Adjustment for the 2019 Convertible Bonds	**125,808**	—	**—**	—
Weighted average number of shares outstanding for diluted (losses)/earnings per share (thousands)	**2,233,815**	1,569,076	**548,560**	127,475

	2014	2013
Diluted (losses)/earnings per ordinary share (RMB cents)	**(12.8)**	13.5
Diluted (losses)/earnings per convertible preference share (RMB cents)	**(12.8)**	13.5

32. (Losses)/earnings per share (Continued)

(b) Diluted (Continued)

For the purpose of calculating diluted (losses)/earnings per share for the years ended 31 December 2014 and 2013:

a) The 2016 Convertible Bonds are assumed to have been converted into ordinary shares with the impact of interest expense of, unrealised exchange gain of and fair value changes of embedded derivatives of the 2016 Convertible Bonds. This potential adjustment resulting in an anti-dilutive effect in the calculation of diluted (losses)/earnings per share for the years ended 31 December 2014 and 2013;

b) The share options are assumed to have been exercised with no corresponding change in (loss)/profit attributable to equity holders of the Company. This potential adjustment resulting in an anti-dilutive effect in the calculation of diluted (losses)/earnings per share for the years ended 31 December 2014 and 2013.

33. Dividends

The board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2014.

34. Notes to consolidated cash flow statement

	2014 RMB'000	2013 RMB'000
(Loss)/profit before income tax	**(104,385)**	318,821
Adjustments for:		
— Share-based compensation (Note 28)	**12,514**	—
— Other loss from early redemption of 2016 Convertible Bonds (Note 24)	**65,776**	—
— Unrealised (gain)/loss on change of fair value of embedded derivatives of convertible bonds (Note 24)	**(308,644)**	4,851
— Amortisation of deferred government grants (Note 23)	**(30,767)**	(31,401)
— Depreciation of property, plant and equipment (Note 8)	**518,886**	440,746
— Amortisation of trademark, license right, sales distribution networks and customer relationships (Note 9)	**27,033**	20,589
— Amortisation of land use rights (Note 7)	**25,177**	18,259
— Impairment loss of inventory (Note 15)	**5,463**	42,327
— Provision for trade and other receivables (Note 14)	**24,502**	74,410
— Gain on disposal of property, plant and equipment and land use rights (Note 25)	**(1,446)**	(61,995)
— Interest income from bank deposits (Note 30)	**(28,495)**	(7,572)
— Interest expense relating to Convertible Bonds (Note 29)	**125,893**	111,273
— Interest expense (Note 29)	**180,939**	119,397
— Gain on disposal of subsidiaries (Note 38)	**(151,004)**	(425,928)
— Share of loss of investments accounted for using the equity method (Note 13)	**3,343**	7,332
— Exchange loss/(gain) on Convertible Bonds (Notes 24, 29, 30)	**3,112**	(20,621)
— Exchange loss/(gain) (excluding Convertible Bonds) (Note 29, 30)	**8,678**	(34,509)
	376,575	575,979
Changes in working capital:		
— Inventories	**108,571**	513,633
— Trade and other receivables	**(438,456)**	626,185
— Trade and other payables	**297,103**	(717,384)
— Deferred revenue	**426**	(40,385)
Cash generated from operations	**344,219**	958,028

34. Notes to consolidated cash flow statement (Continued)

Non-cash transactions

The principal non-cash transactions include:

(a) The purchase of property, plant and equipment amounting to RMB163,519,000 and RMB130,342,000 have not been settled as at 31 December 2014 and 2013;

(b) The issue of 200 million ordinary shares pursuant to Share Award Scheme (Note 20).

35. Contingencies

As at 31 December 2014, the Group did not have any material contingent liabilities.

36. Commitments

(a) Capital commitments

Capital expenditures contracted for at the balance sheet dates but not yet incurred were as follows:

	2014 RMB'000	2013 RMB'000
Purchase of property, plant and equipment	**175,686**	83,327

(b) Operating lease commitments

The Group leases various offices, warehouses and machinery under non-cancellable operating lease agreements.

The future aggregate minimum lease payments under non-cancellable operating leases were as follows:

The Group is the lessee

	2014 RMB'000	2013 RMB'000
No later than 1 year	**2,000**	2,000
Later than 1 year and no later than 5 years	**2,000**	4,000
	4,000	6,000

37. Transactions with non-controlling interests

Acquisition of additional interest in a subsidiary

On 31 October 2014, the Group acquired an additional 30% of the issued shares of Kashi Huiyuan Food & Beverage Co., Ltd. ("Kashi Huiyuan") for a purchase consideration of RMB6,000,000. The carrying amount of the non-controlling interests in Kashi Huiyuan on the date of acquisition was RMB6,035,000. The Group recognised a decrease in non-controlling interests of RMB6,035,000 and an increase in capital and reserves attributable to the Company's equity holders of RMB35,000. The effect of changes in the ownership interest of Kashi Huiyuan on the capital and reserves attributable to the Company's equity holders during the year is summarised as follows:

	2014 RMB'000	2013 RMB'000
Carrying amount of non-controlling interests acquired	6,035	—
Consideration paid to non-controlling interests	(6,000)	—
Excess of consideration paid recognised within equity	35	—

38. Disposal of a subsidiary

On 12 May 2014, the Group entered into an agreement with a third party, Chengdu Huixin International Investment Co., Ltd., to transfer its entire equity interest in Beijing Huiyuan Group Huanggang Co., Ltd. ("Huanggang Huiyuan"), an indirect wholly-owned subsidiary of the Company, for a total cash consideration of RMB360,000,000. The disposal of Huanggang Huiyuan has been completed in June 2014 and the Group has received all the consideration of RMB360,000,000 as of 14 August 2014.

	2014 RMB'000
Consideration satisfied by	
Cash	360,000
Gain on disposal of the subsidiary	
Total consideration	360,000
Net assets of the subsidiary disposed — shown as below	(208,996)
	151,004

38. Disposal of a subsidiary (Continued)

The assets and liabilities of this disposed subsidiary as of disposal date:

	Carrying value RMB'000
Property, plant and equipment	107,119
Land use rights	100,357
Trade and other receivables	2,751
Cash and cash equivalents	23
Trade and other payables	(1,254)
Net assets of the subsidiary	208,996
Cash inflows arising from disposal of the subsidiary for the year ended 31 December 2014	
Proceeds received in cash	360,000
Cash and cash equivalents in the subsidiary disposed	(23)
Cash inflow on the disposal during the year	359,977

39. Related-party transactions

The ultimate controlling party of the Group is Mr. Zhu Xinli, the Chairman and Executive director of the Company.

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

(a) During the year, the Company's directors and the Group's management are of the view that the companies beneficially owned by Mr. Zhu Xinli were related parties of the Group.

39. Related-party transactions (Continued)

(b) The following transactions were carried out with related parties:

	2014 RMB'000	2013 RMB'000
Sales of goods and services		
Sales of products to an associate	**97,793**	80,914
Sales of recyclable containers to companies beneficially owned by Mr. Zhu Xinli	**11,989**	31,210
	109,782	112,124
Purchase of materials and services		
Purchase of raw materials from companies beneficially owned by Mr. Zhu Xinli	**136,677**	504,853
Purchase of transportation service from companies beneficially owned by Mr. Xinli	**18,627**	—
	155,304	504,853

Key management compensation

Key management include directors (executive and non-executives), members of executive committees and the chief financial officer. The compensation paid or payable to key management for employee services is shown below:

	2014 RMB'000	2013 RMB'000
Salaries, wages and bonuses	**17,754**	9,413
Contributions to pension plan	**254**	155
Welfare and other expenses	**913**	195
Share option expenses	**12,514**	—
	31,435	9,762

In the years of 2013 and 2014, one subsidiary of the Group, Beijing Huiyuan Food & Beverage Co., Ltd. has been using and will continue to use certain offices premises owned by Beijing Huiyuan Beverage & Food Group Co. Ltd., a related company beneficially owned by Mr. Zhu Xinli, at nil cost.

39. Related-party transactions (Continued)

(b) (Continued)

In the opinion of the Company's directors, the above related party transactions were carried out in the ordinary course of business and in accordance with the terms of the underlying agreements.

(c) Year-end balances due from or due to related parties were as follows:

	2014 RMB'000	2013 RMB'000
Trade receivables (Note 14(a))	**51,339**	60,820
Other receivable due from related parties	**—**	27,194
Trade payables (Note 21(a))	**45,848**	40,001
Other payable to related parties	**51,324**	4,034

The balances due from or to related parties are unsecured, non-interest bearing and repayable on demand.

40. Events after the balance sheet date

(a) Business combination after the balance sheet date

On 4 May 2014, the Group entered into equity transfer agreements (the "Equity Transfer Agreements") with Suntory (China) Holding Co., Ltd. ("Suntory China"), pursuant to which the Group will purchase from Suntory China 100% equity interest in Suntory (Shanghai) Foods Co., Ltd. ("Suntory Foods") and 50% equity interest in Suntory (Shanghai) Foods Marketing Co., Ltd. ("Suntory Trading"), respectively. The consideration for above acquisition was RMB117,660,000 (which is subject to adjustment agreed in the Equity Transfer Agreements) and certain liabilities of Suntory Foods to be assumed by the Group.

As at 31 December 2014, the above acquisition was not completed and the Group has prepaid RMB36,447,000 for the consideration for the above acquisition. The above acquisition was subsequently completed in January 2015. Up to the approval date of these consolidated financial statements, the Group is still in the progress of determining the fair value to be assigned to the identifiable assets acquired for the purpose of allocation of purchase price and calculation of goodwill, which is expected to be completed in the first half of 2015.

(b) Drawdown of new bank borrowings

During January and February 2015, the Company has drawn an aggregate of US$167,000,000 (equivalent to approximately RMB1,025,895,000) bank borrowings. The above long-term bank borrowings are unsecured, bear interest rates at Libor plus 1.7%~2.0% per annum and repayable after 3 years of drawdown.

Glossary of Terms

"Board"	the board of directors of our Company
"BVI"	the British Virgin Islands
"China Huiyuan Holdings"	China Hui Yuan Juice Holdings Co., Ltd. (中國滙源果汁控股有限公司), a limited liability company incorporated in the Cayman Islands
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company", "our Company", "Huiyuan", "we", "us" or "our"	China Huiyuan Juice Group Limited (中國滙源果汁集團有限公司), a limited liability company incorporated in the Cayman Islands on 14 September 2006, and where the context otherwise requires, all of its subsidiaries and associated companies
"Director(s)"	the director(s) of the Company
"Financial Management and Audit Committee"	the financial management and audit committee of the Company as set up by the Board on 21 September 2006
"Group" or "Huiyuan Juice"	the Company and its subsidiaries at the relevant time or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the present subsidiaries of the Company or the businesses operated by the present subsidiaries or (as the case may be) its predecessor
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange of Hong Kong Limited (as amended from time to time)
"Huiyuan Holdings"	Huiyuan International Holdings Limited (滙源國際控股有限公司), a company incorporated in the BVI
"Huiyuan Industry"	China Huiyuan Industry Holding Limited, a company incorporated in the BVI

Glossary of Terms (Continued)

"Listing Date"	23 February 2007 being the date on which dealings in the shares of the Company first commence on the Hong Kong Stock Exchange
"Ordinary Shares" or "Shares"	Ordinary shares of US$0.00001 each in the share capital of the Company
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme conditionally adopted pursuant to written resolution passed by the sole shareholder on 30 January 2007, the principal terms of which are summarized in the section headed "Pre-IPO Share Option Scheme" in Appendix VII "Statutory and General Information" to the Prospectus
"Prospectus"	the prospectus issued by the Company on 8 February 2007 in relation to its initial global offering and listing of shares on the Hong Kong Stock Exchange
"Remuneration and Nomination Committee"	the remuneration and nomination committee of the Company as set up by the Board on 21 September 2006
"RMB" or "Renminbi"	Renminbi yuan, the lawful currency of the PRC
"SAIF"	Sino Fountain Limited, a company incorporated in the British Virgin Islands which is indirectly wholly owned by Mr. Andrew Y. Yan
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share Option Scheme"	the share option scheme conditionally adopted pursuant to a resolution passed by the Company's shareholders at an extraordinary general meeting of the Company held on 30 January 2007, the principal terms of which are summarized in the section headed "Share Option Scheme" in Appendix VII "Statutory and General Information" to the Prospectus
"United States"	The United States of America
"United States Dollar" or "US$" or "USD"	United States dollars, the lawful currency of the United States

The terms "associate", "connected person", "connected transaction", "controlling shareholder", "independent third party", "subsidiary" and "substantial shareholder" shall have the meanings given to these terms under the Hong Kong Listing Rules.