汇源

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

(incorporated in the Cayman Islands with limited liability)

Stock Code: 1886

2008 Interim Report

* For identification purpose only

Company Mission

Build a local fruit and vegetable juice market from China's abundant fresh fruit and vegetable supply, encourage juice consumption and promote juice as part of a healthy diet for the good of consumers.

Company Profile

China Huiyuan Juice Group Limited ("Huiyuan Juice" or "the Company", together with its subsidiaries, "the Group"; Stock Code: 1886) is one of the leading fruit and vegetable juice producers in China, primarily engaged in the production and sales of fruit juices, fruit and vegetable juices, juice drinks and other beverages. The Group has 25 subsidiaries and over 7,100 employees. Huiyuan Juice categorizes its juice products into three categories based on juice concentration: 100% juices, nectars and juice drinks. According to a research on retailing conducted by AC Nielsen in 2008, in terms of sales value, the Group was in the leading market position in 100% juices accounting for 43.8% of the market share. It was a co-leader in nectars, accounting for 42.4% of the market share (by sales value). The majority of the Group's products are sold under its brand name "Huiyuan". The Group believes that "Huiyuan" juices are among the most popular and recognized fruit and vegetable juices in China.

Contents

Corporate Information

Board of Directors

Executive Directors
Mr. ZHU Xinli *(Chairman)*
Mr. JIANG Xu
Mr. WU Chungkuan

Non-executive Directors
Mr. SUN Qiang Chang
Mr. QIN Peng

Independent Non-executive Directors
Mr. WANG Bing
Ms. ZHAO Yali
Mr. TSUI Yiu Wa, Alec
Mr. SONG Quanhou

Company Secretary
Mr. NG Yuk Keung

Qualified Accountant
Mr. NG Yuk Keung *(HKICPA, FCCA, ACA)*

Authorized Representatives
Mr. ZHU Xinli
1# Huiyuan Villa
Beixiaoying Town, Shunyi District, Beijing, PRC

Mr. NG Yuk Keung *(HKICPA, FCCA, ACA)*
Flat E, 3/F, BLK 6
Castello, Shatin, Hong Kong

Financial Management and Audit Committee
Mr. TSUI Yiu Wa, Alec *(Chairman)*
Mr. SUN Qiang Chang
Mr. WANG Bing

Remuneration and Nomination Committee
Mr. QIN Peng *(Chairman)*
Mr. TSUI Yiu Wa, Alec
Mr. WANG Bing

Registered Office
Scotia Centre
4th Floor
P.O. Box 2804
George Town, Grand Cayman
Cayman Islands

Head Office
Huiyuan Road, Beixiaoying Town, Shunyi District
Beijing, PRC

Registered Address in Hong Kong
Level 16, Cheung Kong Center
2 Queen's Road Central, Hong Kong

Company Website
www.huiyuan.com.cn

Principal Share Registrar and Transfer Office
Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street, P.O. Box 705
George Town, Grand Cayman
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

ABN AMRO Bank

Bank of Communications
Hong Kong Branch

Bank of China
Huairou Sub-Branch

Bank of Communications
Huaiying Sub-Branch

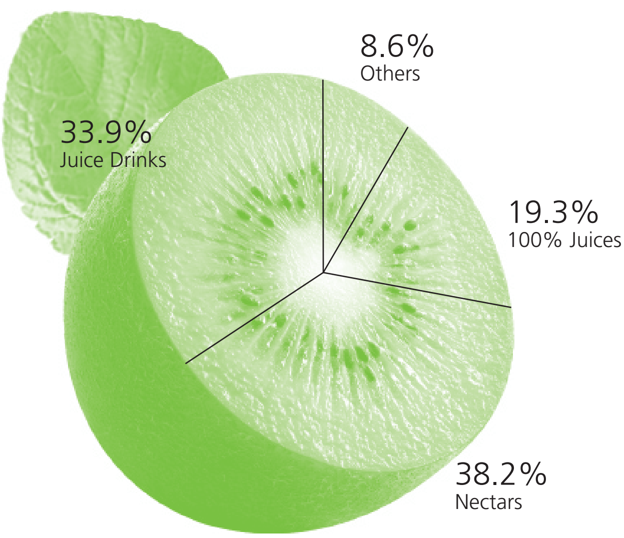
Financial Highlights

Comparison of results of the first half of 2008 and the first half of 2007

	For the 6 months ended 30 June (RMB million)		
	2008	2007	Change %
Revenue	**1,294.4**	1,365.2	-5.2
Cost of sales	**(902.9)**	(861.9)	4.8
Gross profit	**391.5**	503.3	-22.2
Profit before income tax	**381.5**	367.5	3.8
Interest income from subscription monies from initial public offering of shares	**—**	206.8	-100
Fair value change in the conversion right of Convertible Bonds	**254.0**	6.1	4,063.9
Profit attributable to equity holders	**367.3**	342.8	7.2
EBITDA	**507.3**	490.0	3.53
Earnings per share (RMB) (Note) — basic	**0.250**	0.271	-7.75
— diluted	**0.070**	0.258	-72.87

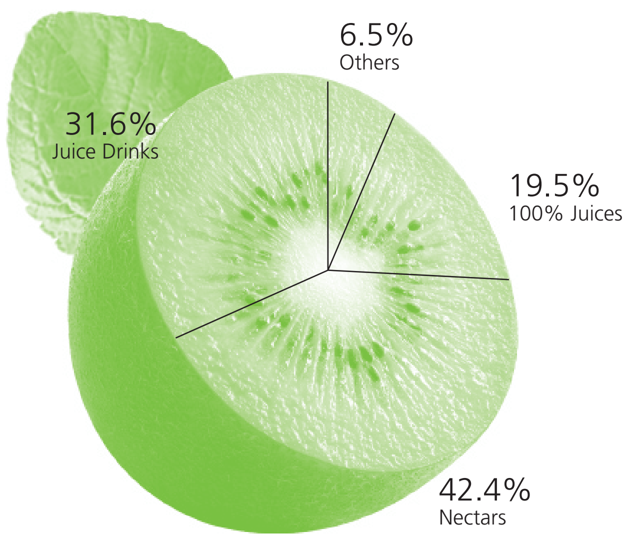
Note: Please refer to Note 24 to the Condensed Consolidated Interim Financial Information for the calculation of earnings per share.

Sales by product



2008

For the 6 months ended 30 June 2008



2007

For the 6 months ended 30 June 2007

Financial Highlights

Financial ratios

	For the 6 months ended 30 June		
	2008	2007	Change %
Return on equity	**7.5%**	8.3%	-9.6
Return on assets	**5.3%**	5.1%	3.9
Gearing ratio (total debt/total equity) (Note 1)	**30.8%**	46.7%	-34.0

Operating ratios (Note 2)

	As at 30 June 2008	As at 30 June 2007	Change
Turnover of finished goods	**21 days**	17 days	4 days
Turnover of raw materials	**223 days**	144 days	79 days
Turnover of trade receivables	**50 days**	46 days	4 days
Turnover of trade payables	**39 days**	54 days	-15 days

Note 1: The total debt includes total borrowings of RMB809.4 million as at 30 June 2008 (as at 30 June 2007: RMB623.9 million) and convertible bonds of RMB687.1 million as at 30 June 2008 (as at 30 June 2007: RMB1,308.2 million).

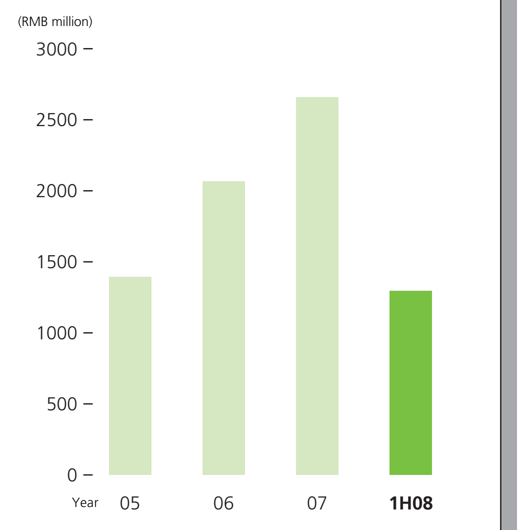
Note 2: The turnover of finished goods as at 30 June 2008 is calculated as the balance of finished goods as at 30 June 2008 divided by cost of sales for the six months ended 30 June 2008 multiplied by 182.5 days (365 divided by 2).

The turnover of raw materials as at 30 June 2008 is calculated as the balance of raw materials as at 30 June 2008 divided by raw materials used for the six months ended 30 June 2008 multiplied by 182.5 days (365 divided by 2).

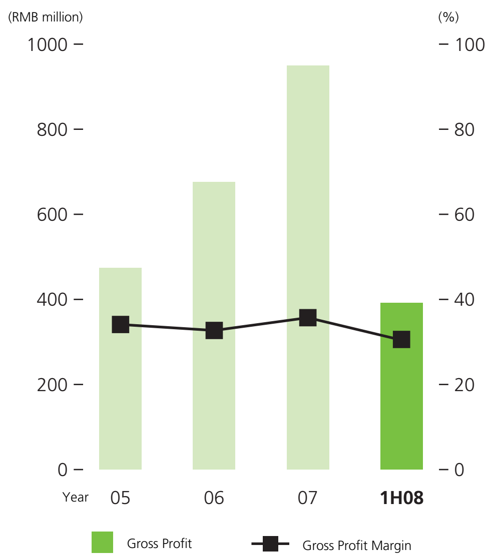
The turnover of trade receivables as at 30 June 2008 is calculated as the total balance of trade receivables and bill receivables as at 30 June 2008 divided by sales for the six months ended 30 June 2008 multiplied by 182.5 days (365 divided by 2).

The turnover of trade payables as at 30 June 2008 is calculated as the total balance of trade payables and bill payables as at 30 June 2008 divided by cost of sales for the six months ended 30 June 2008 multiplied by 182.5 days (365 divided by 2).

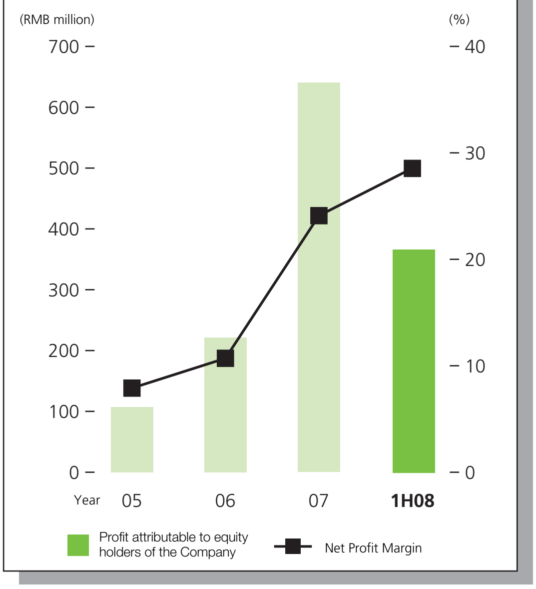
Sales



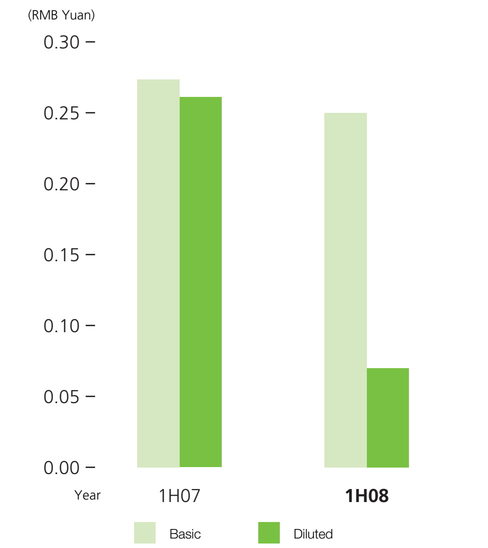
Gross Profit



Profit Attributable to Equity Holders of the Company



Earnings per Share



Management Discussion and Analysis

Market Review

Review of the China Juice Beverage Market

The juice beverage market in China continued its steady growth in the first half of 2008. The growth in urban population and disposable income will continue to drive demand for natural and healthy beverage products such as fruit and vegetable juices. According to AC Nielsen, China sold 1.3 billion liters of fruit and vegetable juices in the first half of 2008, representing a 14.1% increase compared to the first half of 2007.

According to statistics provided by AC Nielsen, which were prepared based on data relating to sales to end customers, the Group recorded a 3.8% increase on sales volume for the first half of 2008 as compared to the same period in 2007, with a total sales volume of 190 million liters of fruit and vegetable juices in the first half of 2008. The Group's growth in product sales fell behind the average growth of product sales in the China fruit and vegetable juice market due to its focus on expansion in production facilities and organisation restructuring in the first half of 2008, the benefits of which are yet to be reflected in our operational results.

In terms of market share, Huiyuan continues to rank as the market leader according to the statistics provided by AC Nielsen. The following table shows Huiyuan's market shares in 100% juice, nectars and juice drinks in China for the first half of 2008 as extracted from AC Nielsen's report[1].

For the first half of 2008	Market Share Value (%)
100% Juice	43.8
26%–99% Concentration*	42.4
25% & Below Concentration*	7.6

* Huiyuan Juice includes "Huiyuan" and "Quan You", "Xiqin", "Kiwi Super Fruit"and"Zhen" series, the sub-brands of Huiyuan.

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

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

Business Review

Overview

As a leading fruit and vegetable juice producer in the PRC, the Group benefited from the continuing growth of domestic per capita disposable income, greater purchasing power, and stronger preference for natural, healthy beverages among consumers.

The Group's performance for the first six months of 2008, however, was impacted by a combination of factors. In the first half of 2008, severe snowstorms and the Sichuan earthquake adversely affected sales in the relevant areas and, due to the early commencement of Chinese New Year in 2008, sales of 100% juice and nectars for consumption during the holidays were brought forward to the last quarter of 2007.

In addition, during the first six months of 2008, Group management focused on the implementation of a number of strategic initiatives to enhance operational efficiency, accountability and performance. These measures had a transitional negative impact on sales and overall performance during the period, but are expected to better position the Group for long-term growth and efficiency. These initiatives include:

— optimization of our sales and distribution network, including the acquisition of sales networks from ten distributors in key markets, and the improvement of our distributor incentive scheme;

— restructuring of the compensation scheme for sales professionals to incorporate a greater performance-based component;

— centralization of sales and order processing functions at the Group's headquarters to better service distributors, process orders, and monitor nationwide performance and inventory levels;

— implementation of a flatter management structure to enhance responsiveness and accountability;

— re-focused branding and marketing strategy to continue to develop brand awareness and customer recognition nationwide; and

— further expansion of our production capacity which required significant capital investment, but which is consistent with our strategy to operate a larger number of smaller-sized facilities that are strategically located near target end markets allowing for reduced logistics and transportation costs and expanded coverage.

Products

The Group currently produces and supplies approximately 228 kinds of fruit and vegetable juice beverage products in order to satisfy different consumer needs. These beverage products are divided into three categories according to juice concentration, which are 100% juices, nectars and juice drinks, thus offering a diverse selection of flavors, package sizes and types.

During the period under review, the Group continued to promote our new products, including the "C'Ta'V'Ta'" range of 100% juices, the "Quan You" range of fruit and vegetable nectars, the "Kiwi Super Fruit" range of juice drinks and a range of children's juice drinks under the "Le Le Yuan" brand name, to meet the different needs of various consumer groups.

Production

The Group also continued to expand its production capacity in the first half of 2008. Seven new factories, located in Dezhou city and Taian city of Shandong province, Jinzhou city of Liaoning province, Nanfeng city of Jiangxi province, Youyu city of Shanxi province, Shulan city of Jilin province and Miyun town of Beijing commenced production during the period under review. The Group attained a total annual production capacity of 2.56 million tonnes during the first half of 2008, representing a 30% increase from the same period of 2007.

Distribution

In addition to quality products and advanced production facilities, a wide and comprehensive distribution network is also essential to sales. During the period under review, the Group further strengthened its distribution network by encouraging its sales representatives to become distributors of the Group in order to expand its markets to under-developed cities and areas. A total of 647 former sales representatives contracted with Huiyuan as new distributors of the Group in the first half of 2008.

The Group also acquired the sales networks of 10 distributors located in Beijing, Shanghai, Wuhan, Tianjin, Taiyuan, Chongqin, Yichang, Chengdu, and Nanning, which are major cities close to the Group's production facilities. The directors of the Company believe the acquisitions will enable Huiyuan to further develop its market position and boost sales, as well as improve its position in the end user market in such strategic locations.

Branding and Marketing

With respect to branding, the Group continued to adopt advertising and promotional activities as its major marketing channels so as to enhance consumers' brand awareness, reinforce the brand reputation and increase the consumption of products. To cater for the diversified demand of consumers and to educate them on the daily consumption of juice, the Group carried out promotional activities during the Chinese New Year holiday for its newly launched products. The Group also awarded Beijing 2008 Olympic Games tickets to distributors, bearing the related traveling expenses, so as to enhance its exposure to them.

On 15 March 2008, Huiyuan was awarded the "Great Contribution Award for the Food Production Enterprises in China" at the "3.15 Conference of Food Consumption Safety in China". The Conference was held by the Administration of Quality Supervision, Inspection and Quarantine of China and the Food Industry Institution of China. Huiyuan also obtained the "Platinum Award of Credible Brand in Asia" under a market survey conducted by the Readers Digest and received the title of "Most Popular Brand and Enterprise of 2007" at the Second Summit for Brand Marketing of Chinese Enterprises.

Community Activities

Apart from its efforts in brand building, the Group also values its social responsibilities as a corporate citizen. The Group continues to adhere to its corporate mission of contributing to society's well-being while striving to ensure the highest quality of its products. During the period under review, the Group also actively took part in various charity events. In particular, the Group donated approximately RMB6.1 million to Sichuan, Shanxi and Hunan provincial charities where the people were affected by the severe snowstorms and earthquake in January and May 2008, respectively.

Operating Results

Overview

Turnover of the Group decreased by 5.2% from RMB1,365.2 million for the six months ended 30 June 2007 to RMB1,294.4 million for the same period in 2008. Profit attributable to equity holders increased by 7.2% from RMB342.8 million for the six months ended 30 June 2007 to RMB367.3 million for the same period in 2008.

Sales

Sales of the Group's core juice products, comprising 100% fruit juices, nectars and juice drinks, decreased by 7.3% from RMB1,276.0 million for the six months ended 30 June 2007 to RMB1,182.3 million for the same period in 2008 primarily due to a decrease in sales across 100% fruit juices and nectars, which was partly offset by an increase in the sales of juice drinks.

Sales of 100% fruit juices and nectars, which in total accounted for 57.5% of the Group's total sales for the six months ended 30 June 2008, decreased by 12.0% from RMB844.7 million for the six months ended 30 June 2007 to RMB743.7 million for the same period in 2008, primarily due to a decrease in sales volume. The decrease in sales volume of 100% fruit juices and nectars was mainly due to the seasonality of the Group's sales and adverse impact of the severe natural disasters in China in the first half of 2008. To cater for the early commencement of Chinese New Year in 2008, sales of 100% fruit juice and nectars for consumption during the Chinese New Year holidays were brought forward to the last quarter of 2007. The severe snowstorms and earthquake in the first half of 2008 also adversely affected sales to the relevant areas.

Sales of 100% fruit juices, which accounted for 19.3% of the Group's total sales, decreased by 5.8% from RMB265.2 million for the first six months ended 30 June 2007 to RMB249.7 million for the same period in 2008 primarily due to a 12.4% decrease in sales volume, which was partly offset by a 7.5% increase in average selling price. The decrease in sales volume was mainly a result of the seasonality of sales for 100% fruit juices and the adverse impact of the severe natural disasters in China in the first half of 2008, as mentioned above. Despite such decreases, the Group's market share in 100% fruit juices continues to rank at the top.

Sales of nectars decreased by 14.8% from RMB579.5 million for the six months ended 30 June 2007 to RMB494.0 million for same period in 2008, primarily due to a decrease in sales volume. Apart from the seasonality and adverse impact of the severe natural disasters in China in the first half of 2008, the decrease in sales volume of nectars was also due to the absence of new products launches in the first half of 2008 as compared to the same period in 2007. The Group normally records higher sales for newly launched products due to increased promotional activities. The average selling prices for nectars remained stable in the first half of 2008. Despite the decrease in the sales, the Group remained a co-leader in the nectar market.

Sales of juice drinks increased by 1.7% from RMB431.3 million for the six months ended 30 June 2007 to RMB438.6 million for the same period in 2008, primarily due to a 11.5% increase in average selling prices, offset by a 8.8% decrease in the sales volume.

The sales of other beverage products increased by 25.7% from RMB89.2 million for the six months ended 30 June 2007 to RMB112.1 million for the first six months ended 30 June 2008 mainly as a result of an increase in the sales of water.

Cost of Sales

Our cost of sales increased by 4.8% from RMB861.9 million for the six months ended 30 June 2007 to RMB902.9 million for the same period in 2008. The increase in cost of sales was primarily due to an increase in cost of raw materials and depreciation charges. The increase in cost of raw materials was primarily a result of the rising cost of domestically purchased juice concentrates and purees. An increase in depreciation charges also contributed to higher cost of sales. This was due to increased production capacity in operations as compared to the same period in 2007, while the production volume had not yet fully ramped up.

Gross Profit

Our gross profit decreased by 22.2% from RMB503.3 million for the six months ended 30 June 2007 to RMB391.5 million for same period in 2008, primarily due to the decrease in sales and increase in costs of sales. Our gross profit margin decreased from 36.9% for the six months ended 30 June 2007 to 30.2% for the same period in 2008.

Other Income

Other income increased significantly by 125.7% from RMB22.6 million for the six months ended 30 June 2007 to RMB51.0 million for the same period in 2008, primarily attributed to (i) RMB19.6 million of interest income on the structured and time deposits that were re-designated from general bank deposits; and (ii) a RMB8.9 million increase in income from sales of recyclable containers.

Selling and Marketing Expenses

Selling and marketing expenses decreased by 6.6% from RMB291.5 million for the six months ended 30 June 2007 to RMB272.4 million for the same period in 2008, mainly due to a RMB25.2 million decrease in advertising and promotional costs. The decrease in advertising and promotional costs is primarily due to (i) the Group’s focus on expansion of production capacity rather than advertising and promotional activities; and (ii) the decrease of salaries and benefits for sales and marketing employees. As a result of internal restructuring efforts, the number of sales representatives also decreased from 3,926 to 2,520.

Administrative Expenses

Administrative expenses increased by 41.1% from RMB56.0 million for the six months ended 30 June 2007 to RMB79.0 million for the same period in 2008, primarily as a result of an increase in the number of subsidiaries and branches of the Group and RMB6.8 million in expenses recognised for the share options granted in the first half of 2008.

Finance Income/Cost — Net

The Group recorded finance income of RMB289.4 million for the six months ended 30 June 2008 as compared to a finance cost of RMB17.8 million for the same period in 2007, primarily as a result of (i) a foreign exchange gain of RMB64.9 million for the six months ended 30 June 2008 as compared to a foreign exchange loss of RMB19.9 million for the same period in 2007; (ii) a RMB247.9 million increase in changes in fair value of the convertible bonds; and (iii) a RMB20.2 million decrease in bank loan interest expense due to the decrease in bank loans and increase of interest capitalization of RMB6.5 million, which was partially offset by a decrease of RMB41.6 million in interest from bank deposits, due to a decrease in bank deposits and the designation of bank deposits to structured deposits of which the relevant interest income was reflected as other income of the Group.

Income Tax Expenses

Income tax expenses decreased by 42.5% from RMB24.7 million for the six months ended 30 June 2007 to RMB14.2 million for the same period in 2008, primarily due to the decrease in operating profits.

Profit Attributable to Equity Holders of the Company

As a result of the foregoing, profit attributable to equity holders of the Company increased by 7.2% from RMB342.8 million for the six months ended 30 June 2007 to RMB367.3 million for the same period in 2008. The margin for profit attributable to our equity holders increased from 25.1% in the first half of 2007 to 28.4% for the first six months ended 30 June 2008.

Liquidity and Capital Resources

Our working capital and other capital requirements were principally funded by operations and cash at hand, short-term and long-term bank borrowings.

As at 30 June 2008, we had an aggregate of RMB809.4 million in outstanding bank loans and RMB687.1 million in outstanding Convertible Bonds as compared to RMB623.9 million of outstanding bank loans and RMB1,308.2 million of outstanding Convertible Bonds as at 30 June 2007. The gearing ratio (total debt (including convertible bonds)/total equity) of the Group was 30.8% as at 30 June 2008, representing a decrease of 34.0% as compared to 46.7% recorded in the first half of 2007.

Analysis on Turnover of Inventories, Trade Receivables and Trade Payables

The Group's inventories primarily consist of raw materials (including packaging materials, juice concentrates and purees, sugars and additives) and finished goods (including juices and other beverage products). Raw materials make up the majority of the Group's inventory. Raw materials turnover days increased from 144 days during the six months ended 30 June 2007 to 223 days during the same period in 2008 as the Group stocked up a substantial amount of raw materials to cater for the expected increase in production needed for the Beijing 2008 Olympic Games, and in light of the rising price trend for fruit puree, juice concentrate and PET granules in the PRC market. Turnover days for trade receivables remained stable during the six months ended 30 June 2008 as compared to the same period in 2007. Turnover days for trade payables decreased to 39 days during the six months ended 30 June 2008 from 54 days during the same period in 2007, due to early payments made by the Group with a view of utilising early payment discounts and due to the shorter credit terms offered by suppliers as a result of the tightened credit facilities available to them in the first half of 2008.

Contingent Liabilities

As at 30 June 2008, we did not have any outstanding contingent liabilities.

Off-Balance Sheet Transactions

As at 30 June 2008, we had not entered into any off balance sheet transactions.

Pledge of Assets

As at 30 June 2008, none of the property, plant, equipment and land use right of the Group were pledged to secure bank borrowings.

Capital Leases

As at 30 June 2008, we did not have any capital leases.

Foreign Exchange Rate Risk

Our operating activities are mainly conducted in RMB, except for the purchase of certain juice concentrates from Brazil and the United States, and the purchase of certain machine and equipment from overseas sources. As at 30 June 2008, 100% of our borrowings were denominated in US$. The convertible bonds are also denominated in US$. Fluctuations in exchange rates may adversely affect the value, translated or converted into RMB, of our net assets, earnings and any dividends we declare.

Prospects and Development Strategy

Having implemented an extensive restructuring of the operations of the Group during the first half of 2008, management believes that the Group is well-positioned to take advantage of the tremendous growth prospects of the China juice market. This market will continue to benefit from the robust growth of the PRC economy, which will further enhance its people's living standards, as a result of which the demand for high quality juice products will continue to increase.

As a result of these initiatives, the Group will benefit from an optimized sales and distribution network, a simplified and flatter organizational structure, staff and distributors more systematically incentivized based on performance, a refocused branding and marketing strategy, and an enlarged and strategically located production platform.

Looking forward, the Group will continue to selectively strengthen its marketing and advertising efforts in major cities and through channels of strategic importance, develop new products including, jujube nectars and drinks and optimise our product mix and improve the utilisation rate of our production facilities.

The Group will also continue to add smaller-sized production facilities to increase our production capacity and enhance our geographic reach. The Group is constructing three new factories, in Pingyi city of Shandong province, Yanbian city of Jilin province and Huizhou city of Guangdong province, which are all expected to commence production in the second half of 2008. The factories in Yanbian and Huizhou are examples of the commitment of the Group to expand its reach and develop its presence in under-tapped markets. A total of six additional PET aseptic cold filling lines are expected to be installed and commence operation in the second half of 2008. The Group's total production capacity is expected to increase to 2.9 million tonnes per annum by the end of 2008.

Directors' Report

The directors of the Company present their report together with the condensed consolidated interim results of the Group for the six months ended 30 June 2008.

Interim Dividend

The Board did not recommend the payment of an interim dividend.

Financial Management and Audit Committee

The Company has a Financial Management and Audit Committee comprising two independent non-executive directors, Mr. Tsui Yiu Wa, Alec (Chairman) and Mr. Wang Bing, and a non-executive director, Mr. Sun Qiang Chang. The Financial Management and Audit Committee has a written terms of reference in compliance with the Code on Corporate Governance Practice (the "**Corporate Governance Code**") of the Listing Rules.

The Financial Management and Audit Committee has reviewed the accounting principles and practices and has also reviewed auditing, internal control and financial reporting matters, including the review of the interim results of the Group for the six months ended 30 June 2008 together with the management of the Company and external auditor.

In addition, the Company's external auditor, PricewaterhouseCoopers, has performed an independent review of the Group's interim financial information for the six months ended 30 June 2008 in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Based on their review, PricewaterhouseCoopers confirmed in writing that nothing has come to their attention that causes them to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2008, the interests and short positions of the directors and chief executive of the Company in the share capital, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of 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

Details of the Shares Held

Name of director	Personal Interest	Family Interest	Corporate Interest	Other Interest	Number of shares	Percentage of the Company's issued share capital[(b)]
Mr. Zhu Xinli	—	—	610,000,000[(a)]	—	610,000,000	41.53%

Details of outstanding options granted under the Share Option Scheme

Name of director	Capacity	Date of grant	Date of expiry	Exercise price (HK$)	Number of underlying shares comprised in the options as at 1 January 2008	Number of underlying shares comprised in the options granted during the six months ended 30 June 2008	Number of underlying shares comprised in the options cancelled or lapsed during the six months ended 30 June 2008	Number of underlying shares comprised in the options exercised six months ended 30 June 2008	Number of underlying shares comprised in the options as at 30 June 2008	Percentage of the Company's issued share capital
Mr. Tsui Yiu Wa, Alec	Beneficial owner	25 February 2008	25 February 2018	6.39	—	150,000	—	—	150,000	0.01%

Short positions

Details of the Shares held

Name of director	Personal Interest	Family Interest	Corporate Interest	Other Interest	Total shares	Percentage of the Company's issued share capital[(b)]
Mr. Zhu Xinli	—	—	610,000,000[(a)(b)]	—	610,000,000	41.53%

Notes:

(a) These shares were beneficially owned by China Huiyuan Holdings which is 100% owned by Mr. Zhu Xinli. 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;

(b) Pursuant to an agreement dated 23 September 2006 between Danone Asia and, among the other parties, Mr. Zhu Xinli, Huiyuan Holdings and China Huiyuan Holdings, following the completion of the six-month lock-up period from the Listing Date and for such period in which Danone Asia holds at least 66% of the shares of the Company acquired by it from China Huiyuan Holdings as a result of a share swap under the restructuring of the Company, each of Mr Zhu Xinli, Huiyuan Holdings and China Huiyuan Holdings, has agreed not to transfer, or agree to transfer, or engage in any negotiation for the sale or transfer of any of the shares of the Company to any third party purchaser unless the he/it shall first have offered such shares for purchase to Danone Asia. Under the same agreement, each of Mr. Zhu Xinli, Huiyuan Holdings, China Huiyuan Holdings has also granted a right of first refusal to Danone Asia that if any of them receives a bona fide offer from any third party purchaser for any of his/its shares in the Company and in the event that he/it wishes to sell such shares to the third party purchaser, he/it shall be obliged to first offer to sell such shares to Danone Asia at the same price and on the same terms and conditions of the proposed purchase by the third party purchaser. The details of such agreement are described in the section headed "Our History and Development — Strategic Investor" in the Prospectus.

Save as disclosed above, as at the date of this report, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded 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.

Directors' Rights to Acquire Shares

Save as disclosed in the paragraph headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" in this report, at no time during the six months ended 30 June 2008 or the period following 30 June 2008 up to the date of this report, was the Company or any of its subsidiaries 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 debt securities of, the Company or any of its associated company 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 terms of the Pre-IPO Share Option Scheme and the Share Option Scheme were disclosed in the 2007 Annual Report and in the section headed "Share Option Scheme" in Appendix VII to the Prospectus.

1. Pre-IPO share option scheme

The Company adopted the Pre-IPO Share Option Scheme on 30 January 2007 which has become effective on 23 February 2007, the Listing Date. 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. The principal terms of the Pre-IPO Share Option Scheme, as approved on 30 January 2007 are similar to the terms of the Share Option Scheme except for the following:

(a) the subscription price per share shall be the Offer Price per share; and

(b) save for the options which have been granted before 23 February 2007, i.e., the Listing Date, no further options will be offered or granted, as the right to do so will end upon the Listing Date.

The provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect for a period of 10 years from 23 February 2007.

Under the Pre-IPO Share Option Scheme, each option has a 10-year exercise period within which there is a total vesting period of three years. Commencing from the first, second and third anniversaries of the date of grant of an option, the relevant grantee may exercise up to 30%, 60%, and 100%, respectively, of the shares comprised in his or her option.

As at 30 June 2008, a total of 1,700,000 shares (representing approximately 0.12% of the existing issued share capital of the Company) may be issued by the Company upon exercise of all options which had been granted under the Pre-IPO Share Option Scheme.

Movement of the options granted under the Pre-IPO Share Option Scheme during the six months ended 30 June 2008 is as follows:

Name of grantee	Date of grant	Number of underlying shares comprised in the outstanding options as at 1 January 2008	Number of underlying shares comprised in the options lapsed or cancelled during the 6 months ended 30 June 2008	Number of underlying shares comprised in the options exercised during the 6 months ended 30 June 2008[1]	Number of underlying shares comprised in the options outstanding as at 30 June 2008	Date of expiry	Exercise price (HK$)
Ng Yuk Keung	30 January 2007	700,000	—	—	700,000	22 February 2017	6.00
Matthew Gene Mouw	30 January 2007	700,000	—	—	700,000	22 February 2017	6.00
Dong Ying	30 January 2007	300,000	—	—	300,000	22 February 2017	6.00
		1,700,000	—	—	1,700,000		

2. Share option scheme

The Company adopted the Share Option Scheme on 30 January 2007 which has become effective on 23 February 2007, the Listing Date. The options granted under the Share Option Scheme on 25 February 2008 have a vesting period of five years. 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 Share Option Scheme and any other schemes of the Company 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.

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 in issue.

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. Commencing from the first, second, third and fourth anniversary of the date of grant of the options granted on 25 February 2008, the relevant grantee may exercise up to 25%, 50%, 75% and 100%, respectively, of the shares comprised in his or her option.

Movement of the options granted under the Share Option Scheme during the year ended 30 June 2008 is as follows:

Name of grantee	Date of grant	Number of underlying shares comprised in the options as at date of grant	Number of underlying shares comprised in the options lapsed or cancelled during the 6 months ended 30 June 2008	Number of underlying shares comprised in the options exercised during the 6 months ended 30 June 2008[1]	Number of underlying shares comprised in the options outstanding as at 30 June 2008	Date of expiry	Exercise price (HK$)
Mr. Tsui Yiu Wa, Alec	25 February 2008	150,000	—	—	150,000	22 February 2017	6.39
An aggregate of 515 employees	25 February 2008	35,300,000	6,489,500	—	28,810,500	22 February 2017	6.39
		35,450,000	6,489,500	—	28,960,500	22 February 2017	6.39

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2008, 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

Name	Number of shares	Percentage of the Company's issued share capital[(a)]
Mr. Zhu Xinli[(a)]	610,000,000	41.53%
Huiyuan Holdings[(a)]	610,000,000	41.53%
China Huiyuan Holding[(a)]	610,000,000	41.53%
Danone[(b)]	337,497,501	22.98%
	610,000,000[(c)]	41.53%
Danone Asia[(b)]	337,497,501	22.98%
	610,000,000[(c)]	41.53%
Fidelity International Limited[(e)]	101,491,500	6.91%
Warburg Pincus[(d)]	100,007,572	6.81%
Warburg Pincus Funds Investor[(d)]	100,007,572	6.81%
ABN AMRO Holding N.V.[(e)]	98,979,706	6.74%
ABN AMRO Bank N.V.[(e)]	98,979,706	6.74%

Short positions

Name	Number of shares	Percentage of the Company's issued share capital[(a)]
Mr. Zhu Xinli	610,000,000[(c)]	41.53%
Huiyuan Holdings[(a)]	610,000,000[(c)]	41.53%
China Huiyuan Holding[(a)]	610,000,000[(c)]	41.53%
ABN AMRO Holding N.V.[(e)]	98,979,706	6.74%
ABN AMRO Bank N.V.[(e)]	98,979,706	6.74%

Notes:

(a) Huiyuan Holdings is wholly owned by Mr. Zhu Xinli and China Hui Yuan Holdings is a wholly owned subsidiary of Huiyuan Holdings. Each of Mr. Zhu and Huiyuan Holdings is therefore deemed to be interested in the shares held by China Huiyuan Holding;

(b) Danone Asia is a strategic investor in the Company. Danone Asia is a wholly owned subsidiary of Danone. Danone is therefore deemed to be interested in the shares held by Danone Asia;

(c) Pursuant to an agreement dated 23 September 2006 between Danone Asia and, among the other parties, Mr. Zhu Xinli, Huiyuan Holdings and China Hui Yuan Holdings, following the completion of the six-month lock-up period from the Listing Date and for such period in which Danone Asia holds at least 66% of the shares of the Company acquired by it from China Hui Yuan Holdings as a result of a share swap under the restructuring of the Company, each of Mr Zhu Xinli, Huiyuan Holdings and China Hui Yuan Holdings, has agreed not to transfer, or agree to transfer, or engage in any negotiation for the sale or transfer of any of the shares of the Company to any third party purchaser unless the he/it shall first have offered such shares for purchase to Danone Asia. Under the same agreement, each of Mr. Zhu Xinli, Huiyuan Holdings, China Hui Yuan Holdings has also granted a right of first refusal to Danone Asia that if any of them receives a bona fide offer from any third party purchaser for any of his/its shares in the Company and in the event that he/it wishes to sell such shares to the third party purchaser, he/it shall be obliged to first offer to sell such shares to Danone Asia at the same price and on the same terms and conditions of the proposed purchase by the third party purchaser. The details of such agreement are described in the section headed "Our History and Development — Strategic Investor" in the Prospectus.

(d) Warburg Pincus Funds Investor had declared an interest in the same 100,007,572 shares in which Warburg Pincus had declared an interest by virtue of Warburg Pincus' control in Warburg Pincus Funds Investor.

(e) ABN AMRO Bank N.V. had declared an interest in the same 98,979,706 Shares in which ABN AMRO Holding N.V. had declared an interest by virtue of ABN AMRO Holding N.V.'s shareholding in ABN AMRO Bank N.V..

Save as disclosed above, the directors are not aware of any persons who will 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.

Dilutive Effect of the Convertible Bonds

As at 30 June 2008, a total of US$14,000,000 Convertible Bonds had been converted into 21,318,703 Ordinary Shares and a total of US$71,000,000 Convertible Bonds remained outstanding.

If Warburg Pincus Funds Investor and other Bond Holders fully convert their Convertible Bonds into the Ordinary Shares immediately after the Global Offering at a price of HK$5.1, i.e. at a 15% discount to the Offer Price, and assuming that the options granted under the Pre-IPO Share Option Scheme and Share Option Scheme which were outstanding as at 30 June 2008 had been fully exercised, the public float relating to the Global Offering would have been diluted to 29.91% from 32.77%, prior to such conversion.

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2008, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

Employment and Emolument Policies

As at 30 June 2008, the Group has 7,180 employees (31 December 2007: is 9,722 employees). 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 directors will depend on their respective contractual terms under their employment contracts or service agreements as approved by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. No Director should determine his or her own remuneration.

In addition to basic salaries, the Company has adopted a Pre-IPO Share Option Scheme and a Share Option Scheme as an incentive for directors and eligible employees. Details of the schemes are set out under the paragraph headed "Share Option Schemes" of this report and in note 14 to the unaudited condensed consolidated interim financial information.

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 its shareholders.

The Company has adopted the Corporate Governance Code as contained in Appendix 14 of the Hong Kong Listing Rules (the "**Corporate Governance Code**") 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 with an aim to maintaining and improving a high standard of corporate governance practices.

In the six months ended 30 June 2008, the Company continued to apply most of the code provisions (the "**Code Provisions**") of the Corporate Governance Code. A summary of the deviations from the Code Provisions is set out as below:

Code Provision A2.1

The Code Provision A2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

At present, the positions of the chairman of the Board and the president (i.e., the chief executive officer) of the Company are held by Mr. Zhu Xinli. Although this deviates from the practice under the Code Provision A2.1, where the two positions should be held by two different individuals, Mr. Zhu has considerable and extensive experience in the juice and beverage industry and in enterprise operation and management in general. The Board believes that it is in the best interest of the Company to continue to have an executive chairman so the Board can benefit from his knowledge of the business and his capability in leading the Board in discussing the strategy and long-term development of the industry.

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

Directors' Securities Transactions

The Company has adopted 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**") as the standards for the directors' dealings in the securities of the Company. Upon receipt of specific enquiry from the Company, all the directors have confirmed that they have complied with the required standards as set out in the Model Code regarding the directors' dealings in the securities of the Company.

On behalf of the board
Zhu Xinli
Chairman

Hong Kong, 9 September 2008

Unaudited condensed consolidated interim balance sheet

As at 30 June 2008
(All amounts in RMB thousands unless otherwise stated)

	Note	Unaudited 30 June 2008 RMB'000	Audited 31 December 2007 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,481,429	2,241,112
Intangible assets	6	484,148	323,826
Land use rights	7	354,256	337,399
Investment in associate		2,500	—
Deferred income tax assets		22,904	24,092
Total non-current assets		3,345,237	2,926,429
Current assets			
Inventories	8	990,072	742,044
Trade and other receivables	9	801,690	666,195
Derivative financial instruments		971	1,568
Other loans and receivables	10	893,612	1,250,718
Restricted cash	11	258,145	10,033
Cash and cash equivalents	12	666,252	1,290,220
Total current assets		3,610,742	3,960,778
Total assets		6,955,979	6,887,207
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	13	114	114
Share premium	13	3,716,982	3,716,982
Other reserves		111,868	116,040
Retained earnings		1,036,576	828,084
Total equity		4,865,540	4,661,220
LIABILITIES			
Non-current liabilities			
Borrowings	16	632,104	511,322
Deferred government grants		63,844	65,662
Long-term payable for land use rights		9,023	8,953
Long-term payable for license fee		7,116	8,225
Convertible bonds	17	687,098	945,182
Total non-current liabilities		1,399,185	1,539,344

Unaudited condensed consolidated interim balance sheet

As at 30 June 2008
(All amounts in RMB thousands unless otherwise stated)

	Note	Unaudited 30 June 2008 *RMB'000*	Audited 31 December 2007 *RMB'000*
Current liabilities			
Trade and other payables	*15*	491,970	645,923
Taxation payable		7,699	12,979
Deferred revenue		14,268	27,741
Borrowings	*16*	177,317	—
Total current liabilities		691,254	686,643
Total liabilities		2,090,439	2,225,987
Total equity and liabilities		6,955,979	6,887,207
Net current assets		2,919,488	3,274,135
Total assets less current liabilities		6,264,725	6,200,564

The notes on pages 28 to 59 form an integral part of this condensed interim financial information.

Unaudited condensed consolidated interim income statement

For six months ended 30 June 2008
(All amounts in RMB thousands unless otherwise stated)

		Unaudited Six months ended 30 June	
		2008	2007
	Note	***RMB'000***	*RMB'000*
Revenue	*18*	**1,294,440**	1,365,203
Cost of sales	*20*	**(902,909)**	(861,940)
Gross profit		**391,531**	503,263
Other income	*19*	**51,030**	22,634
Other gains		**971**	—
Selling and marketing expenses	*20*	**(272,356)**	(291,533)
Administrative expenses	*20*	**(79,036)**	(55,959)
Interest income from subscription monies from initial public offering of shares		**—**	206,814
Finance income/(cost) — net	*22*	**289,389**	(17,757)
Profit before income tax		**381,529**	367,462
Income tax expense	*23*	**(14,188)**	(24,699)
Profit for the period attributable to the equity holders of the Company		**367,341**	342,763
		RMB Cents per Share	*RMB Cents per Share*
Earnings per share for profit attributable to the equity holders of the Company	*24*		
— basic		**25.0**	27.1
— diluted		**7.0**	25.8
Dividends	*25*	**—**	—

The notes on pages 28 to 59 form an integral part of this condensed interim financial information.

Unaudited condensed consolidated interim statement of changes in equity

For six months ended 30 June 2008
(All amounts in RMB thousands unless otherwise stated)

		Unaudited Six months ended 30 June								
		Attributable to equity holders of the Company								
		Share capital	Share premium	Capital reserve	Statutory reserve fund	Staff welfare funds	Share-based compensation reserve	Other reserves	Retained earnings	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note	Note 13	Note 13							
Balance at 1 January 2008		**114**	**3,716,982**	**—**	**95,950**	**16,523**	**3,567**	**—**	**828,084**	**4,661,220**
Share-based payment expenses	*14*	—	—	—	—	—	**7,828**	—	—	**7,828**
Staff welfare payment		—	—	—	—	**(12,000)**	—	—	—	**(12,000)**
Profit for the period		—	—	—	—	—	—	—	**367,341**	**367,341**
Dividends paid	*25*	—	—	—	—	—	—	—	**(158,849)**	**(158,849)**
Balance at 30 June 2008		**114**	**3,716,982**	**—**	**95,950**	**4,523**	**11,395**	**—**	**1,036,576**	**4,865,540**
Balance at 1 January 2007		—	—	1,258,036	62,897	16,523	—	(53,795)	263,754	1,547,415
Effect of reorganisation		64	—	(64)	—	—	—	—	—	—
Gross proceeds from placing and public offering of shares	*13*	48	3,682,122	—	—	—	—	—	—	3,682,170
Deemed distribution to equity holders		—	—	(1,300,806)	—	—	—	—	—	(1,300,806)
Share-based payment expenses	*14*	—	—	—	—	—	2,056	—	—	2,056
Share issuance costs		—	(194,381)	—	—	—	—	53,795	—	(140,586)
Profit for the period		—	—	—	—	—	—	—	342,763	342,763
Transfer		—	—	42,834	—	—	—	—	(42,834)	—
Balance at 30 June 2007		112	3,487,741	—	62,897	16,523	2,056	—	563,683	4,133,012

The notes on pages 28 to 59 form an integral part of this condensed interim financial information.

Unaudited condensed consolidated interim cash flow statement

For six months ended 30 June 2008
(All amounts in RMB thousands unless otherwise stated)

		Unaudited Six months ended 30 June	
	Note	2008 *RMB'000*	2007 *RMB'000*
Cash flows from operating activities			
Cash used in operations		**(322,619)**	(316,367)
Interest paid		**(16,806)**	(24,521)
Interest received		**19,910**	33,734
Income tax paid		**(18,280)**	(12,029)
Net cash used in operating activities		**(337,795)**	(319,183)
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired		**—**	(101,312)
Purchases of property, plant and equipment	*5*	**(375,687)**	(201,216)
Proceeds from sale of property, plant and equipment		**4,231**	8,997
Cash received on government grant		**3,370**	3,500
Purchase of land use rights	*7*	**(20,413)**	(126,567)
Purchase of sales network	*6*	**(163,870)**	—
Increase in restricted cash	*11*	**(248,112)**	(3,808)
Decrease in other loans and receivables	*10*	**362,942**	—
Investment in an assoicate		**(2,500)**	—
Net cash used in investing activities		**(440,039)**	(420,406)
Cash flows from financing activities			
Proceeds from bank and other financial institution borrowings	*16*	**313,421**	633,286
Proceeds from issuance of shares		**—**	3,487,789
Interest income from subscription monies from initial public offering of shares		**—**	206,814
Repayments of borrowings from bank and other financial institution		**—**	(887,873)
Dividends paid		**(158,849)**	—
Net cash generated from financing activities		**154,572**	3,440,016
Exchange (loss)/gain on cash and cash equivalents		**(706)**	25,977
Net (decrease)/increase in cash and cash equivalents		**(623,968)**	2,726,404
Cash and cash equivalents at beginning of the period		**1,290,220**	90,810
Cash and cash equivalents at end of the period		**666,252**	2,817,214

The notes on pages 28 to 59 form an integral part of this condensed interim financial information.

Notes to the unaudited condensed consolidated interim financial information

For six months ended 30 June 2008
(All amounts in RMB thousands unless otherwise stated)

1 GENERAL INFORMATION

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

The Company was incorporated in the Cayman Islands on 14 September 2006 as an exempted company with limited liability under the Company Law (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of registered office is Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands.

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

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 23 February 2007.

This unaudited condensed consolidated interim financial information was authorised for issue by the Board of Directors of the Company on 9 September 2008.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2008 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2007, which have been prepared in accordance with IFRS.

Prior to and following the Reorganisation in 2007, the Company and its subsidiaries were and are directly or indirectly controlled by the same shareholders. Accordingly, the Reorganisation has been accounted for as a reorganisation of businesses under common control in a manner similar to a uniting of interests. The condensed consolidated interim financial information of the Group for the six months ended 30 June 2007 had been prepared on the merger basis as if the Company had been the holding company of these companies comprising the Group since 1 January 2007, or since their dates of incorporation, or from the effective dates of acquisition or up to the effective dates of disposal.

3 ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2007, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2008 but are not currently relevant for the Group.

- IFRIC — Int 11, 'IFRS 2 — Group and treasury share transactions'.
- IFRIC — Int 12, 'Service concession arrangements'.
- IFRIC — Int 14, 'IAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction'.

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

Relevant to the Group:

- IFRS 8, 'Operating segments', effective for annual periods beginning on or after 1 January 2009. IFRS 8 replaces IAS 14, 'Segment reporting', and requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will change in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. As goodwill is allocated to groups of cash-generating units based on segment level, the change will also require management to reallocate goodwill to the newly identified operating segments. Management does not anticipate that this will result in any material impairment to the goodwill balance.

- IAS 23 (amendment), 'Borrowing costs', effective for annual periods beginning on or after 1 January 2009. IAS 23 (amendment) removes the option of expensing the borrowing costs and requires an entity to capitalise borrowing costs attributable to qualifying assets. Management is currently assessing the impact of this standard on the Group's financial statements.

3 ACCOUNTING POLICIES (continued)

- IFRS 2 (amendment), 'Share-based payment — vesting conditions and cancellations', effective for annual periods beginning on or after 1 January 2009. The amendment clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. Management is currently assessing the impact of this amendment on the Group's financial statements.

- IFRS 3 (amendment), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

  IFRS 3 (amendment) may bring more transactions into acquisition accounting as combinations by contract alone and combinations of mutual entities are brought into the scope of the standard and the definition of a business has been amended slightly. It now states that the elements are 'capable of being conducted' rather than 'are conducted and managed'. It requires considerations (including contingent consideration), each identifiable asset and liability to be measured at its acquisition-date fair value, except leases and insurance contracts, reacquired right, indemnification assets as well as some assets and liabilities required to be measured in accordance with other IFRS. They are income taxes, employee benefits, share-based payment and non current assets held for sale and discontinued operations. Any non-controlling interest in an acquiree is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The Group will apply IFRS 3 (amendment) from 1 January 2010.

- IAS 1 (amendment), 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. IAS 1 (amendment) requires all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs. The Group will apply IAS 1 (amendment) from 1 January 2009.

- IFRIC — Int 13, 'Customer loyalty programmes', effective for annual periods beginning on or after 1 July 2008. Management is evaluating the effect of this interpretation on its revenue recognition. IFRIC — Int 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. Management is currently assessing the impact of this interpretation on the Group's financial statements.

3 ACCOUNTING POLICIES (continued)

Not relevant to the Group:

- IAS 32 (amendment), 'Financial instruments: presentation', and consequential amendments to IAS 1, 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. The amendment requires some puttable financial instruments and some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity. This is not relevant to the Group's financial statements.

- IFRS 1 and IAS 27 (amendment), 'Cost of an investment in a subsidiary, jointly controlled entity or associate', and consequential amendments to IAS 18, 'Revenue', IAS 21, 'The effects of changes in foreign exchange rates' and IAS 36, 'Impairment of Assets', effective for annual periods beginning on or after 1 January 2009. This amendment is not relevant to the Group, as the Group is not a first-time adopter of IFRS.

4 SEGMENT REPORTING

No business segment information of the Group is presented as the Group's revenue, expenses, assets, liabilities and capital expenditure are primarily attributable to the manufacture and sales of juice and other beverage products. The Group's principal market is the PRC and its sales to overseas customers contributed to less than 10% of the revenues and results. Also, less than 10% of the Group's total assets are located outside the PRC. Accordingly, no geographical segment is presented.

5 PROPERTY, PLANT AND EQUIPMENT

	Unaudited *RMB'000*
Six months ended 30 June 2008	
Opening net book amount at 1 January 2008	**2,241,112**
Additions	**329,104**
Disposals	**(3,537)**
Depreciation charge	**(85,250)**
Closing net book amount at 30 June 2008	**2,481,429**
Six months ended 30 June 2007	
Opening net book amount at 1 January 2007	1,805,945
Acquisition of a subsidiary	138,769
Additions	109,791
Disposals	(8,660)
Depreciation charge	(64,765)
Closing net book amount at 30 June 2007	1,981,080

(a) Depreciation expenses have been charged to condensed consolidated interim income statement as follows:

	Unaudited Six months ended 30 June **2008** ***RMB'000***	 2007 *RMB'000*
Cost of sales	**68,931**	54,895
Selling and marketing expenses	**7,940**	4,881
Administrative expenses	**7,022**	4,989
Other income	**1,357**	—
	85,250	64,765

(b) There are no property, plant and equipment pledged as security for borrowings as at 30 June 2008 (31 December 2007: nil).

6 INTANGIBLE ASSETS

	Goodwill *RMB'000*	Trademark *RMB'000*	Unaudited License right *RMB'000*	Sales network *RMB'000*	Total *RMB'000*
Six months ended 30 June 2008					
Opening net book amount at 1 January 2008	**166,067**	**152,458**	**5,301**	**—**	**323,826**
Additions (b)	**—**	**—**	**—**	**163,870**	**163,870**
Amortisation (a)	**—**	**(2,965)**	**(537)**	**(46)**	**(3,548)**
Closing net book amount at 30 June 2008	**166,067**	**149,493**	**4,764**	**163,824**	**484,148**
Six months ended 30 June 2007					
Opening net book amount at 1 January 2007	164,232	159,126	8,213	—	331,571
Acquisition of a subsidiary	1,835	—	—	—	1,835
Amortisation (a)	—	(3,334)	(1,456)	—	(4,790)
Closing net book amount at 30 June 2007	166,067	155,792	6,757	—	328,616

(a) Amortisation of intangible assets has been charged to selling and marketing expenses in the condensed consolidated interim income statement.

(b) The Group acquired a sales network from 10 major distributors in May 2008. The consideration is based on fair value determined by an independent qualified valuer and no goodwill has been recognised for this transaction.

7 LAND USE RIGHTS

	Unaudited RMB'000
Six months ended 30 June 2008	
Opening net book amount at 1 January 2008	**337,399**
Additions	**20,413**
Amortisation	**(3,556)**
Closing net book amount at 30 June 2008	**354,256**
Six months ended 30 June 2007	
Opening net book amount at 1 January 2007	230,671
Acquisition of a subsidiary	32,113
Additions	2,951
Amortisation	(2,274)
Closing net book amount at 30 June 2007	263,461

(a) Amortisation of land use rights have been charged to the condensed consolidated interim income statement as follows:

	Unaudited Six months ended 30 June	
	2008 *RMB'000*	2007 *RMB'000*
Cost of sales	**2,525**	1,614
Administrative expenses	**1,031**	660
	3,556	2,274

(b) There are no land use rights pledged as security for borrowings as at 30 June 2008 (31 December 2007: nil).

8 INVENTORIES

	Unaudited 30 June 2008 RMB'000	Audited 31 December 2007 RMB'000
Raw materials	885,616	665,775
Finished goods	104,456	76,269
	990,072	742,044

As at 30 June 2008 and 31 December 2007, inventories carried at net realisable value amounted to approximately RMB9,355,000 and RMB2,204,000, respectively.

9 TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2008 RMB'000	Audited 31 December 2007 RMB'000
Trade receivables	277,166	164,668
Related parties (a) (note 28(b))	1,073	2
Third parties (a)	284,127	173,381
Provision for impairment of receivables	(8,034)	(8,715)
Other receivables	52,182	30,533
Related parties (note 28(b))	16,700	14,717
Third parties	35,482	15,816
Prepayments for raw materials	398,024	402,265
Related parties (note 28(b))	126,811	220,757
Third parties	271,213	181,508
Bills receivable — third parties	74,318	68,729
	801,690	666,195

9 TRADE AND OTHER RECEIVABLES (continued)

(a) Credit risk with respect to trade receivables is not significant, as the Group has a large number of customers, which are widely dispersed within the PRC. The majority of the Group's sales are settled in cash or by cheque on delivery of goods. The remaining amounts are with credit terms of 90–180 days. As at 30 June 2008, trade receivables of RMB34,796,000 were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. As at 30 June 2008 and 31 December 2007, the ageing analysis of the trade receivables was as follows:

— Third parties

	Unaudited 30 June 2008 ***RMB'000***	Audited 31 December 2007 *RMB'000*
Within 3 months	**157,501**	143,015
Between 4 and 6 months	**83,796**	25,653
Between 7 and 12 months	**41,578**	4,573
Between 1 and 2 years	**1,252**	140
	284,127	173,381

— Related parties

	Unaudited 30 June 2008 ***RMB'000***	Audited 31 December 2007 *RMB'000*
Within 3 months	**1,001**	2
Between 4 and 6 months	**72**	—
	1,073	2

10 OTHER LOANS AND RECEIVABLES

	Unaudited 30 June 2008 *RMB'000*	Audited 31 December 2007 *RMB'000*
Structured deposits	**803,612**	1,250,718
Time deposit	**90,000**	—
	893,612	1,250,718

Other loans and receivables represent various structured deposits denominated in RMB in banks with maturities in a range from 60 days to 180 days, and time deposit denominated in RMB, with banks which mature within 12 months. The interest rate returns on these structured deposits are estimated within the range from 1.9% to 3.42%, and the interest rate return on the time deposit is estimated at 3.33%. The deposits are carried at amortised cost using the effective interest method.

Other loans and receivables are presented within "investing activities" as part of changes in working capital in the cashflow statement.

11 RESTRICTED CASH

Restricted cash comprised bank deposits for maintenance of banking facilities and settlement of notes payable.

12 CASH AND CASH EQUIVALENTS

	Unaudited 30 June 2008 *RMB'000*	Audited 31 December 2007 *RMB'000*
Cash at banks and cash in hand		
Denominated in RMB	747,405	1,218,763
Denominated in other currencies	176,992	81,490
	924,397	1,300,253
Less: restricted cash (note 11)	(258,145)	(10,033)
	666,252	1,290,220

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

13 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares of USD 0.00001 each *(Thousands)*	Share capital *RMB'000*	Share premium *RMB'000*	Total *RMB'000*
At 1 January 2008 and 30 June 2008	1,468,817	114	3,716,982	3,717,096
At 1 January 2007	—	—	—	—
Shares issued to the existing shareholders (a)	828,425	64	—	64
Shares issued pursuant to the Global Offering (b,c)	619,073	48	3,682,122	3,682,170
Listing expenses	—	—	(194,381)	(194,381)
At 30 June 2007	**1,447,498**	**112**	**3,487,741**	**3,487,853**

The following changes in the Company's authorised and issued share capital took place during the period ended 30 June 2007:

(a) On 23 February 2007, the Company issued an aggregate of 828,424,999 shares of US$0.00001 each to the then shareholders of the other companies comprising the Group in exchange for the entire equity interests of the BVI Companies, in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited. Details of the Reorganisation are set out in Note 1 to the accompanying condensed consolidated interim financial information.

(b) In addition, on 23 February 2007, the Company completed its placing and public offering of shares by issuing 559,072,502 shares of US$0.00001 each at a price of HK$6 per share (including 159,072,502 shares issued to an existing shareholder). The Company's shares were then listed on the Main Board of The Stock Exchange of Hong Kong Limited.

(c) On 1 March 2007, an over-allotment option was exercised by the Company's underwriters and an additional 60,000,000 shares of US$0.00001 each were issued at a price of HK$6 per share.

Total proceeds from these share issues amounted to approximately RMB3,682,170,000. After deducting listing expenses of approximately RMB194,381,000, the net proceeds from these share issues amounted to approximately RMB3,487,789,000.

14 SHARE OPTION AND PRE-IPO SHARE OPTION

(a) Pre-IPO Share Option Scheme

The Company adopted the Pre-IPO Share Option Scheme ("Pre-IPO Share Option Scheme") on 30 January 2007, which has become effective on 23 February 2007, the Listing Date. The purpose of the 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. The principal terms of the Pre-IPO Share Option Scheme, as approved on 30 January 2007 are similar to the terms of the Share Option Scheme ("Share Option Scheme") approved on 30 January 2007 except for the following:

(a) the subscription price per share shall be the Offer Price per share; and

(b) save for the options which have been granted before 23 February 2007, i.e., the Listing Date, no further options will be offered or granted, as the right to do so will end upon the Listing Date.

The terms of the Pre-IPO Share Option Scheme and the Share Option Scheme were same as those disclosed in the 2007 Annual Report and in the section headed "Share Option Scheme" in Appendix VII to the Prospectus.

The provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect for a period of 10 years from 23 February 2007.

Under the Pre-IPO Share Option Scheme, each option has a 10-year exercise period within which there is a total vesting period of 3 years. Commencing from the first, second and third anniversaries of the date of grant of an option, the relevant grantee may exercise up to 30%, 60%, and 100%, respectively, of the shares comprised in his or her option.

The Pre-IPO options outstanding as at 30 June 2008 have the following vesting dates and weighted average exercise price:

	Unaudited Six months ended 30 June			
	2008		2007	
Vesting Date	Exercise price (per share) *HK$*	Outstanding options *(Thousands)*	Exercise price (per share) *HK$*	Outstanding options *(Thousands)*
23 February 2008	6	510	6	720
23 February 2009	6	510	6	720
23 February 2010	6	680	6	960
	6	1,700	6	2,400

14 SHARE OPTION AND PRE-IPO SHARE OPTION (continued)

(a) Pre-IPO Share Option Scheme (continued)

As at 30 June 2008, a total of 1,700,000 shares (representing approximately 0.12% of the existing issued share capital of the Company) may be issued by the Company upon exercise of all options which had been granted under the Pre-IPO Share Option Scheme. There was no option lapsed or exercised during the period of six months ended 30 June 2008.

(b) Share Option Scheme

The Company adopted the Share Option Scheme on 30 January 2007 which has become effective on 23 February 2007, the Listing Date. 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 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 grantee may exercise up to 25%, 50% ,75% and 100%, respectively, of the shares comprised in his or her option.

14 SHARE OPTION AND PRE-IPO SHARE OPTION (continued)

(b) Share Option Scheme (continued)

Movement of the options granted under the Share Option Scheme during the six months ended 30 June 2008 is as follows:

Date of grant	Number of underlying shares comprised in the options as at date of grant	Number of underlying shares comprised in the options lapsed or cancelled during the 6 months ended 30 June 2008	Number of underlying shares comprised in the options exercised during the 6 months ended 30 June 2008	Number of underlying shares comprised in the options outstanding as at 30 June 2008	Date of expiry	Exercise price (HK$)
25 February 2008	35,450,000	6,489,500	—	28,960,500	22 February 2017	6.39

(c) Fair value of share options

The fair value of the Pre-IPO Share Options and the Share Options granted have been valued by an independent qualified valuer using the Binomial valuation model:

	Unaudited 30 June 2008 *RMB'000*	Audited 31 December 2007 *RMB'000*
Fair value of Pre-IPO Share Options granted on 30 January 2007	6,853	6,853
Fair value of the Share Options granted on 25 February 2008	23,823	—
	30,676	6,853

14 SHARE OPTION AND PRE-IPO SHARE OPTION (continued)

(c) Fair value of share options (continued)

The details of fair values and significant inputs into the model were as follows:

	25 February 2008	23 February 2007
Spot share price (HK$)	6.39	9
Strike price (HK$)	6.39	6
Expected volatility	44.81%	34.40%
Maturity (years)	10	10
Interest rate	3.64%	4.26%
Dividend yield	2.87%	1.13%
Suboptimal exercise factor	1.5	1.5

The expected volatility is estimated by making reference to the volatility of the Company and the other companies with similar backgrounds and/or nature of business as the Company.

Fair values of the Pre-IPO Share Options and the Share Options are charged to the income statement over the vesting periods of the options. Total share option expenses charged to the condensed consolidated interim income statement for the six months ended 30 June 2008 amounted to RMB7,828,000 (corresponding period in 2007: RMB2,056,000).

15 TRADE AND OTHER PAYABLES

	Unaudited 30 June 2008 *RMB'000*	Audited 31 December 2007 *RMB'000*
Trade payables (a)	193,818	275,116
Related parties (note 28(b))	—	8,161
Third parties	193,818	266,955
Other payables	298,152	370,807
Related parties (note 28(b))	3,053	138
Third parties	295,099	370,669
	491,970	645,923

15 TRADE AND OTHER PAYABLES (continued)

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

— Third parties

	Unaudited 30 June 2008 *RMB'000*	Audited 31 December 2007 *RMB'000*
Within 3 months	**173,981**	254,045
Between 4 and 6 months	**8,491**	5,806
Between 7 and 12 months	**4,776**	3,252
Between 1 and 2 years	**2,834**	699
Between 2 and 3 years	**660**	979
Over 3 years	**3,076**	2,174
	193,818	266,955

— Related parties

	Unaudited 30 June 2008 *RMB'000*	Audited 31 December 2007 *RMB'000*
Within 3 months	**—**	8,161

16 BORROWINGS

	Unaudited 30 June 2008 *RMB'000*	Audited 31 December 2007 *RMB'000*
Bank borrowings:		
Non-current	632,104	511,322
Current	177,317	—
Total borrowings	809,421	511,322
Bank borrowings:		
Unsecured	809,421	511,322

For the non-current borrowings as at 30 June 2008, the interest rate is six-month LIBOR interest plus 1.1% per annum or three-month LIBOR interest plus 1.4% per annum. The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates was as follows:

	Unaudited 30 June 2008 *RMB'000*	Audited 31 December 2007 *RMB'000*
6 months or less	809,421	511,322

The maturity dates of the borrowings were analysed as follows:

	Unaudited 30 June 2008 *RMB'000*	Audited 31 December 2007 *RMB'000*
Within 1 year	177,317	—
Between 1 and 2 years	—	—
Between 2 and 5 years	632,104	511,322
	809,421	511,322

16 BORROWINGS (continued)

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

	Unaudited 30 June 2008	Audited 31 December 2007
Bank borrowings	**4.96%**	6.49%

The carrying amounts of the Group's borrowings approximate their fair value.

17 CONVERTIBLE BONDS

	Unaudited 30 June 2008 *RMB'000*	Audited 31 December 2007 *RMB'000*
Convertible bonds due 2011, liability components	**498,413**	504,564
Fair value of embedded derivatives	**188,685**	440,618
	687,098	945,182

On 5 February 2007, the Company, China Hui Yuan Juice Holdings Co., Ltd., the then holding company of the Company, and the holders of convertible bonds issued by China Hui Yuan Juice Holdings Co., Ltd. in June 2006 (the "June 2006 Convertible Bond"), entered into an agreement (the "Agreement") pursuant to which the Company agreed to issue an aggregate of US$85,000,000 (equivalent to approximately RMB663,000,000) convertible bonds due 28 June 2011 (the "Convertible Bonds") and an additional US$675,000 (equivalent to approximately RMB5,265,000) convertible bonds as an interest payment in kind (the "PIK") to the holders of the June 2006 Convertible Bond in exchange for the surrender of the June 2006 Convertible Bonds by the holders. The Convertible Bonds have the same terms and conditions as the June 2006 Convertible Bonds.

Upon completion of the Agreement on 23 February 2007, the Company recorded the estimated fair value of the Convertible Bonds as a distribution to equity holders.

17 CONVERTIBLE BONDS (continued)

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

(i) Interest rate

The Company shall pay interest on the Convertible Bonds at 2.0% per annum prior to the date on which dealings in the Company's shares first commence on The Stock Exchange of Hong Kong Limited (the "Listing Date") and 2.5% per annum following the Listing Date. A bondholder may (but is not obliged to) elect to receive some or all of the interest payments payable to it on any interest payment date by way of receipt of Convertible Bonds with an equivalent principal amount.

(ii) Conversion price

Each one of the bondholder has the right to convert any outstanding Convertible Bonds into the ordinary shares of the Company at 85% of the offer price upon the Company's initial public offering of shares (the "Offer Price" amounted to HK$6).

(iii) Maturity

The Company must redeem any outstanding Convertible Bonds on 28 June 2011 at a price that will enable the bondholders to receive a 7.5% internal return rate on the principal amount of the Convertible Bonds being redeemed (excluding any additional Convertible Bonds received as interest payment in kind).

(iv) Redemption

On 28 June 2009, each one of the bondholder has an option, subject to the approval of the majority bondholders, to require the Company to redeem the outstanding Convertible Bonds held by it at a price as determined under the Agreement.

In addition to the above, Mr. Zhu Xinli has also undertaken to compensate the bondholders in respect of any shortfall in the prescribed rate of return of the bondholders as set out in the Agreement.

On 28 December 2007 and 27 June 2008, Convertible Bonds issued upon exercise of the PIK option of the Convertible Bonds with face value US$830,000 and US$821,000, respectively.

As at 31 December 2007, bonds with face value US$14,000,000 have been converted into ordinary shares of the Company at the price of HK$5.1 during the period from August to October 2007. Accordingly, ordinary shares of the Company increased by 21,318,703 shares as at 31 December 2007. There was no conversion of bond for the period of the six months ended 30 June 2008.

17 CONVERTIBLE BONDS (continued)

(iv) Redemption (continued)

The fair value of the Convertible Bonds was determined by an independent qualified valuer based on the binomial valuation model. The fair value of the liability component on initial recognition was valued using a discounted cash flow model. The fair value of the conversion rights, together with redemption rights and interest settlement option as a single derivative (the "conversion right") was valued by estimating the value of the whole bond with and without the conversion feature. The difference in value reflects the value of the conversion right.

	RMB'000
Fair value of conversion right as at 31 December 2007	440,618
Add: Fair value of conversion right of the bonds issued upon exercise of PIK option	2,027
Less: Fair value of conversion right as at 30 June 2008	(188,685)
Fair value changes of conversion right included in finance income (note 22)	253,960

Fair value changes of conversion right, redemption right and interest settlement option for the period is RMB253,960,000 (corresponding period in 2007: RMB6,057,000), which is recognised in the condensed consolidated interim income statement as finance income. The related interest expense of the liability component of the Convertible Bonds for the six months ended 30 June 2008 amounted to RMB27,174,000 (corresponding period in 2007: RMB22,984,000), which is calculated using the effective interest method with an effective interest rate of 11.38%.

	RMB'000
Liability component as at 31 December 2007	504,564
Add: Interest expense for the period (note 22, including liability component of bonds issued upon exercise of PIK option of RMB3,605,000)	27,174
Less: Interest payment during the period	(524)
Interest changed to conversion right of bonds issued on PIK option	(2,027)
Unrealised exchange gain (note 22)	(30,774)
Liability component as at 30 June 2008	498,413

18 REVENUE

	Unaudited Six months ended 30 June 2008 RMB'000	2007 RMB'000
Juice	**1,182,350**	1,275,979
Other beverages	**112,090**	89,224
	1,294,440	1,365,203

19 OTHER INCOME

	Unaudited Six months ended 30 June 2008 RMB'000	2007 RMB'000
Net gain from sales of recyclable containers	**19,460**	10,585
Interest income from other loans and receivables	**19,576**	—
Income from sales of scrap	**4,821**	610
Net gain from processing beverages for third party	**4,726**	—
Other subsidy income	**3,310**	690
Amortisation of deferred government grants	**1,878**	4,970
Gain on disposals of property, plant and equipment	**694**	337
Donation to China Charity Federation and China Red Cross	**(6,066)**	—
Others	**2,631**	5,442
	51,030	22,634

20 EXPENSES BY NATURE

	Unaudited Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
Raw materials used and changes in inventories	**726,895**	713,434
Advertising and other marketing expenses	**196,090**	221,302
Depreciation of property, plant and equipment (note 5)	**83,893**	64,765
Employee benefit expense (note 21)	**70,890**	52,722
Transportation and related charges	**51,408**	50,520
Water and electricity	**55,093**	50,051
Repairs and maintenance	**19,554**	15,523
Office and communication expenses	**7,845**	3,607
Travelling expense	**6,562**	3,057
Amortisation of land use rights (note 7)	**3,556**	2,274
Amortisation of trademark, license right and sales network (note 6)	**3,548**	4,790
Rental expenses	**2,960**	3,111
Other expenses	**26,007**	24,276
Total cost of sales, selling and marketing expenses and administrative expenses	**1,254,301**	1,209,432

21 EMPLOYEE BENEFIT EXPENSE

		Unaudited Six months ended 30 June	
		2008	2007
	Note	***RMB'000***	*RMB'000*
Wages and salaries		**60,216**	45,278
Contributions to pension plan and other benefits	*(a)*	**2,846**	5,388
Share option expenses		**7,828**	2,056
		70,890	52,722

(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 rates ranging from 19% to 45% of the employees' basic salary dependent upon the applicable local regulations.

(b) Directors' emoluments

The aggregate amounts of the emoluments paid and payable to the directors of the Company during six months ended 30 June 2008 and 2007 were as follows:

	Unaudited Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
Salaries, wages and bonuses	**1,165**	1,050
Contributions to pension plan	**16**	20
Welfare and other expenses	**26**	39
	1,207	1,109

22 FINANCE INCOME/(COST) — NET

	Unaudited Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
Interest income:		
— from bank deposits (excluding time deposit)	**5,240**	23,275
— from money market funds	**—**	23,564
	5,240	46,839
Interest expenses:		
— Bank borrowings	**(14,130)**	(27,748)
— Interest expense relating to Convertible Bonds (note 17)	**(27,174)**	(22,984)
Less: Interest capitalised	**6,548**	—
	(34,756)	(50,732)
Exchange gain/(loss) (excluding Convertible Bonds)	**34,171**	(29,475)
Exchange gain on liability component of Convertible Bonds (note 17)	**30,774**	9,554
Fair value changes of conversion right of Convertible Bonds (note 17)	**253,960**	6,057
	289,389	(17,757)
Weighted average effective interest rate used to calculate capitalisation amount	**5.05%**	—

23 INCOME TAX EXPENSE

	Unaudited Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
Current income tax — PRC enterprise income tax	**13,094**	27,644
Deferred income tax charge/(credit)	**1,094**	(2,945)
	14,188	24,699

23 INCOME TAX EXPENSE (continued)

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

	Unaudited Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
Profit before income tax	**381,529**	367,462
Tax calculated at the statutory tax rate of 25% (2007: 33%)	**95,382**	121,262
Preferential tax rates on the income of certain subsidiaries	**(82,365)**	(98,790)
Expenses not deductible for tax purposes	**1,171**	2,227
Income tax expense	**14,188**	24,699

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

PRC enterprise income tax is provided on the basis of the profit for statutory financial reporting purposes, adjusted for income and expenses items which are not assessable or deductible for income tax purpose. In 2007, the applicable enterprise income tax rate for the companies of the Group was 33%, which comprises 30% attributable to national enterprise income tax and 3% attributable to local municipal income tax. The National People's Congress of the PRC approved the Unified CIT Law (the "New Tax Law") on 16 March 2007. With effective from 1 January 2008, the tax rate subject to the Group is 25%, with certain grandfathering provisions and preferential provisions, except that certain companies are entitled to preferential tax treatment. Five subsidiaries of the Group benefit 2-year tax exemption and six subsidiaries benefit 3-year 50% deduction in tax rate.

24 EARNINGS PER SHARE

(a) Basic

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

	Unaudited Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
Profit attributable to equity holders of the Company	**367,341**	342,763
Weighted average number of ordinary shares in issue (thousands)	**1,468,817**	1,266,222
Basic earnings per share (RMB cents)	**25.0**	27.1

24 EARNINGS PER SHARE (continued)

(b) Diluted

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

	Unaudited Six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
Profit attributable to equity holders of the Company	**367,341**	342,763
Add: Interest expense relating to Convertible Bonds	**27,174**	22,984
Less: Unrealised exchange gain relating to Convertible Bonds	**(30,774)**	(9,554)
Less: Fair value changes of conversion right of Convertible Bonds	**(253,960)**	(6,057)
Profit attributable to equity holders of the Company, used to determine diluted earnings per share	**109,781**	350,136
Weighted average number of ordinary shares in issue (thousands)	**1,468,817**	1,266,222
Adjustment for Convertible Bonds (thousands)	**110,408**	92,664
Adjustment for share options (thousands)	**—**	623
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**1,579,225**	1,359,509
Diluted earnings per share (RMB cents)	**7.0**	25.8

25 DIVIDENDS

The dividends for the year ended 31 December 2007 amounting to RMB158,849,000 was paid in May 2008 (2006: nil). Board of directors did not recommend the payment of an interim dividend for the six months ended 30 June 2008 (corresponding period in 2007: nil).

26 CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2008 (31 December 2007: nil).

27 COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not yet provided for were as follows:

	Unaudited 30 June 2008 *RMB'000*	Audited 31 December 2007 *RMB'000*
Purchase of property, plant and equipment	**507,530**	34,001

(b) Operating lease commitments

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

The lease expenditures charged to the income statements during the six months ended 30 June 2008 and 2007 are disclosed in Note 20.

27 COMMITMENTS (continued)

(b) Operating lease commitments (continued)

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

The Group is the lessee

	Unaudited 30 June 2008 *RMB'000*	Audited 31 December 2007 *RMB'000*
No later than 1 year	**3,585**	3,031
Later than 1 year and no later than 5 years	**12,440**	11,800
Later than 5 years	**8,000**	8,000
	24,025	22,831

28 RELATED-PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to 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 significant influence.

28 RELATED-PARTY TRANSACTIONS (continued)

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

	Unaudited Six months ended 30 June 2008 RMB'000	2007 RMB'000
Sales of goods and services		
Sales of recyclable containers	15,621	4,881
Income for provision of power and other utilities	1,533	1,090
Royalty fee income	892	—
	18,046	5,971
Purchase of materials and services		
Purchase of raw materials	248,270	91,081
Rental expenses for lease of property, plant and equipment and land use rights	1,000	1,607
Expenses for power and other utilities	—	1,907
	249,270	94,595

In the year of 2007 and 2008, one subsidary 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 of the Group, at nil cost.

In the year of 2007 and 2008, a related company of the Group provided the Group with the right to use three production lines at zero consideration.

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.

28 RELATED-PARTY TRANSACTIONS (continued)

(b) Period/year-end balances due from or to related parties were as follows:

	Note	Unaudited 30 June 2008 RMB'000	Audited 31 December 2007 RMB'000
Trade receivables		**1,073**	2
Prepayments of raw materials	*Note (i)*	**126,811**	220,757
Other balances due from related parties		**16,700**	14,717
Trade payables		**—**	8,161
Other balances due to related parties		**3,053**	138

(i) These represent prepayments made to Huiyuan Beverage & Food Group Co., Ltd. and its subsidiaries, which are beneficially owned by Mr. Zhu Xinli, a director and chairman of the Group in respect of the purchase of certain juice concentrate. Such balances are unsecured and non-interest bearing.

(ii) The balances due from or to related parties are unsecured and non-interest bearing.

29 SUBSEQUENT EVENTS

(a) On 7 July 2008, two subsidiaries of the Group, Beijing Huiyuan Food and Beverage Co., Ltd. and Huiyuan Beijing Holdings Ltd. established a new wholly-owned subsidiary, Yanbian Huiyuan Food and Beverage Co., Ltd., with registered capital of USD10,000,000.

(b) On 3 September 2008, The Coca-Cola Company ("Coca-Cola") and the Company jointly announced Coca-Cola's intention to make a voluntary general offer, through its wholly-owned subsidiary Atlantic Industries, to purchase all of the issued shares in the capital of the Company, all of its outstanding convertible bonds, and for the cancellation of all its outstanding options (the "Offers"). The making of the Offers is subject to a pre-condition relating to regulatory approval in the PRC. The Offers value the fully diluted share capital of the Company at approximately HK$19.6 billion.

Glossary of Terms

"Anhui Huiyuan"	Anhui Huiyuan Xianyang Beverage & Food Co., Ltd. (安徽滙源食品飲料有限公司), a wholly owned subsidiary of the Company incorporated in the PRC
"Board"	the board of directors of our Company
"Bond Holders"	Warburg Pincus Funds Investor, certain funds or sub-fund managed by Value Partners Limited, a company incorporated in BVI, and a mezzanine finance fund established in the Cayman Islands and managed and advised by subsidiaries of Development Partners Limited, collectively
"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, the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
"Company", "our Company", "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
"Convertible Bonds"	US$85,000,000 convertible bonds due 28 June 2011
"Danone"	Groupe Danone S.A.
"Danone Asia"	Danone Asia Pte. Ltd., a wholly owned subsidiary of Danone incorporated in Singapore
"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
"January 2007 Syndicated Loan"	US$70 million syndicated loan term facility arranged by ABN AMRO Bank N.V. acting on behalf of 10 financial institutions which is repayable in five semi-annual installments from January 2010
"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
"Offer Price"	HK$6.00 per share (exclusive of brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee), the offer price of which dealings in the shares of the Company first commenced on the Hong Kong Stock Exchange on the Listing Date
"Ordinary Shares" or "shares"	Ordinary shares of US$0.00001 each in the share capital of the Company
"Over-allotment Option"	the option granted by the Company, in its initial global offering, to the international underwriters, exercisable by the global coordinator on their behalf, pursuant to which the Company has allotted and issued an aggregate of 60,000,000 additional shares
"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
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Huiyuan"	Shanghai Huiyuan Food & Beverage Co., Ltd.* (上海滙源食品飲料有限公司), a wholly owned subsidiary of the Company incorporated in the PRC
"Shanxi Huiyuan"	Shanxi Huiyuan Beverage & Food Co., Ltd. (山西滙源食品飲料有限責任公司), a wholly owned subsidiary of the Company incorporated in the PRC
"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 $" or "US$"	United States dollars, the lawful currency of the United States
"Warburg Pincus"	each of (1) Warburg Pincus Private Equity IX, L.P., a limited partnership established in Delaware, the United States, which is controlled by Warburg Pincus IX LLC; (2) Warburg Pincus IX LLC, a limited liability company established in New York State, the United States, which is controlled by Warburg Pincus Partners, LLC; (3) Warburg Pincus Partners, LLC, a limited liability company established in New York State, the United States, which is controlled by Warburg Pincus & Co.; and (4) Warburg Pincus & Co., a general partnership established in New York State, the United States
"Warburg Pincus Funds Investor"	Gourmet Grace International Limited, a wholly owned subsidiary of Warburg Pincus Private Equity IX, L.P.

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