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

2009 Interim Report

* For identification purpose only

About Us

China Huiyuan Juice Group Limited ("Huiyuan Juice" or the "Company", together with its subsidiaries as the "Group" or "Huiyuan Group"), a leading manufacturer of fruit and vegetable juice in China, is principally engaged in the production and sale of fruit juice, fruit and vegetable juice and other beverages. As at 30 June 2009, the Group has 32 subsidiaries with over 8,500 employees. Juice products of Huiyuan Juice are categorized into 100% juice, nectars and juice drinks by concentration. According to a survey on the Chinese retailing sector conducted by Nielsen in 2009, the Group's 100% juice and nectars continue to rank as the market leader in terms of market share (by sales volume) of 45.4% and 49.3%, respectively. Most of the products of the Group are sold under the Group's brand name "Huiyuan". The Group believes that "Huiyuan" juice is one of the most familiar and recognized fruit and vegetable juices among Chinese consumers.

2009 Interim Report
China Huiyuan Juice Group Limited

Contents

Corporate Information

Board of Directors

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

Non-executive Directors
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 *(HKICPA, FCCA, ACA)*

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. WANG Bing
Mr. SONG Quanhou

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
8th Floor, Two Exchange Square,
8 Connaught Place, 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

Bank of China

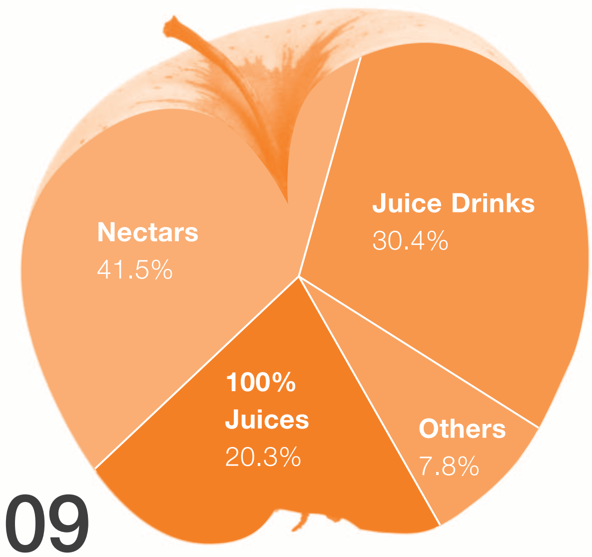
Financial Highlights

Comparison of the unaudited consolidated results for the first half of 2009 and the first half of 2008

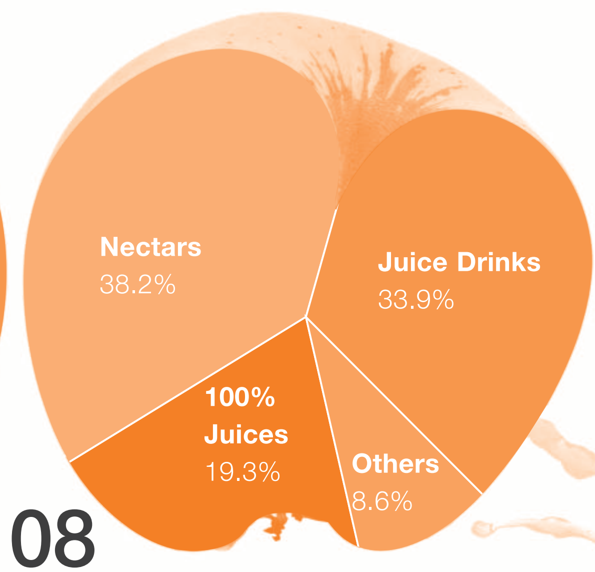
	For the 6 months ended 30 June (RMB million) 2009	2008	Change %
Revenue	**879.7**	1,294.4	-32.0
Cost of sales	**659.0**	887.3	-25.7
Gross profit	**220.7**	407.1	-45.8
Profit before income tax	**82.2**	381.5	-78.5
Fair value change in the conversion right of Convertible Bonds	**362.5**	254.0	42.7
Profit attributable to equity holders	**66.7**	367.3	-81.8%
EBITDA	**-140.8**	183.1	-176.9
(Losses)/earnings per share (RMB) (Note)			
— basic	**0.045**	0.250	-82.0%
— diluted	**(0.169)**	0.070	-341.4%

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

Sales by product



For the 6 months ended 30 June



For the 6 months ended 30 June

Financial Highlights (Continued)

Financial ratios (based on the unaudited consolidated results for the first half of 2009 and the first half of 2008)

	For the 6 months ended 30 June 2009	2008	Change %
Return on equity	**1.4%**	7.5%	-81.3
Return on assets	**1.0%**	5.3%	-81.1
Gearing ratio (total debt/total equity) (Note 1)	**29.5%**	30.8%	-4.2

Operating ratios (Note 2)

	As at 30 June 2009	As at 30 June 2008	Change
Turnover of finished goods	**35 days**	21 days	14 days
Turnover of raw materials	**273 days**	228 days	45 days
Turnover of trade receivables	**37 days**	50 days	-13 days
Turnover of trade payables	**40 days**	40 days	—

Note 1: The total debt includes total borrowings of RMB653.6 million as at 30 June 2009 (as at 30 June 2008: RMB809.4 million) and convertible bonds of RMB714.1 million as at 30 June 2009 (as at 30 June 2008: RMB687.1 million).

Note 2: The turnover of finished goods as at 30 June 2009 is calculated as the balance of finished goods as at 30 June 2009 divided by cost of sales for the six months ended 30 June 2009 multiplied by 182.5 days (365 divided by 2).

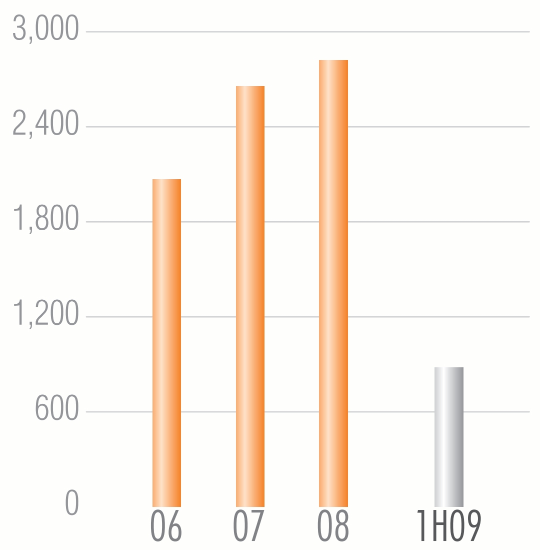
The turnover of raw materials as at 30 June 2009 is calculated as the balance of raw materials as at 30 June 2009 divided by raw materials used for the six months ended 30 June 2009 multiplied by 182.5 days (365 divided by 2).

The turnover of trade receivables as at 30 June 2009 is calculated as the total balance of trade receivables and bill receivables as at 30 June 2009 divided by sales for the six months ended 30 June 2009 multiplied by 182.5 days (365 divided by 2).

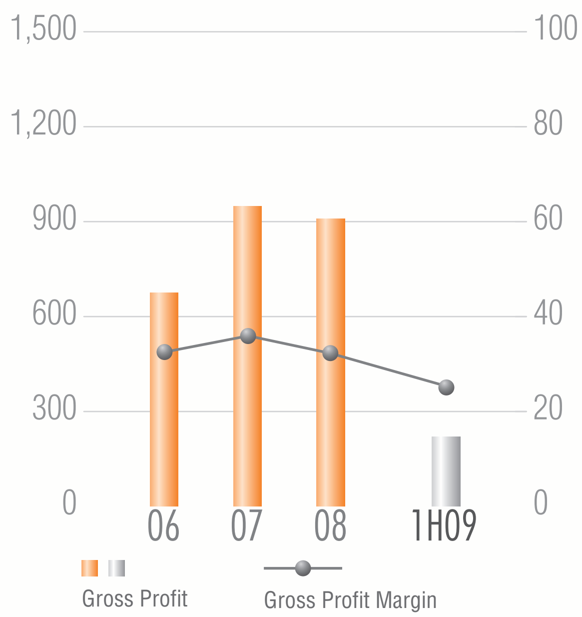
The turnover of trade payables as at 30 June 2009 is calculated as the total balance of trade payables and bill payables as at 30 June 2009 divided by cost of sales for the six months ended 30 June 2009 multiplied by 182.5 days (365 divided by 2).

Financial Highlights (Continued)

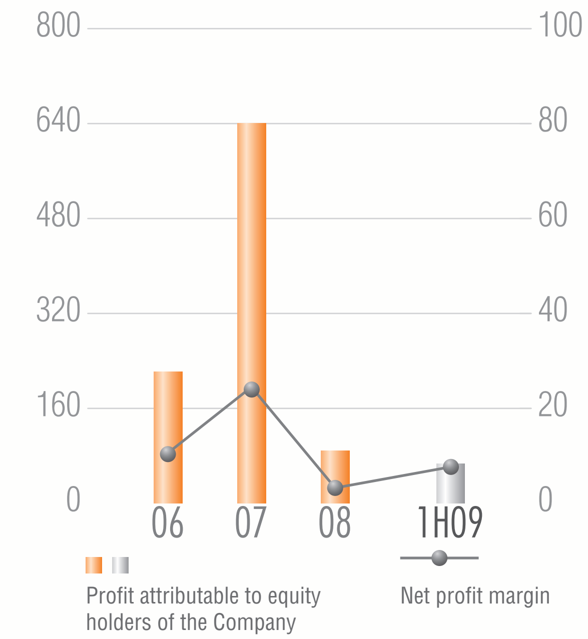
Sales
(RMB million)



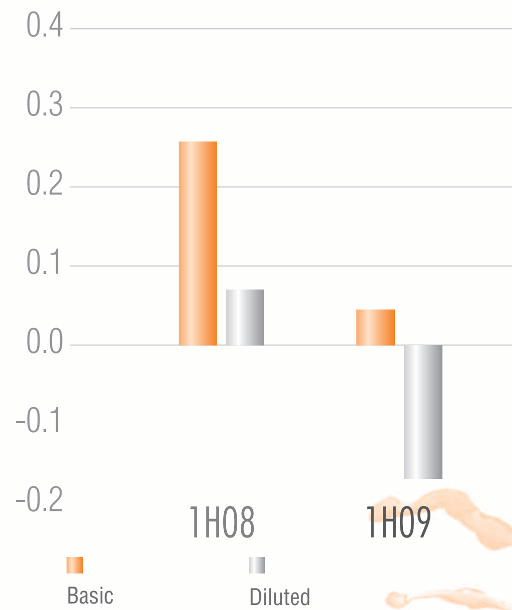
Gross Profit
(RMB million) (%)



Profit Attributable to Equity Holders of the Company
(RMB million) (%)



Earnings per Share
(RMB Yuan)



Management Discussion and Analysis

Market Review

Review of the China Juice Beverage Market

The juice beverage market in China continued to grow steadily during the first half of 2009. The increase in urban population and disposable income continue to drive demand for natural and healthy beverage products such as fruit and vegetable juices. According to Nielsen, China recorded sales of 1.48 billion liters of fruit and vegetable juices in the first half of 2009, representing a 12.2% increase compared with the first half of 2008.

However, according to statistics provided by Nielsen, which were compiled based on data on sales with end customers, the Group recorded a 8.8% decrease in sales volume for the first half of 2009 as compared with the same period in 2008, amounting to 178.52 million liters of fruit and vegetable juices in the first half of 2009. The Group's product sales was affected by the uncertainties arising from the conditional offers made by the Coca-Cola Company to take over and privatize the Company (the "**Proposed Coca-Cola Takeover Offer**") and the implementation of certain restructuring and strategic initiatives of the Group, the economic benefits of which are yet to be realised and reflected in the Group's operational results. Consequently, the Group's growth in product sales fell behind the average growth in product sales in the China fruit and vegetable juice market. To ensure Huiyuan restores its product sales growth, we have implemented a series of measures that are expected to stimulate our product sales growth in the second half of 2009 and beyond. Please see the section "Prospects and Development Strategy" for more details.

In terms of market share, Huiyuan remains the market leader according to the statistics provided by Nielsen. The following table shows Huiyuan's market share in each of 100% juice, nectars and juice drinks in China for the first half of 2009 according to the Nielsen's report.

Management Discussion and Analysis (Continued)

For the first half year of 2009	Market Share % By Volume	Market Share % By Value
100% Juice		
Huiyuan Juice	45.4	43.6
Second ranked competitor	9.5	12.9
Third ranked competitor	5.4	6.7
Fourth ranked competitor	3.9	4.7
Fifth ranked competitor	3.6	3.1
Sixth ranked competitor	3.2	4.4
Next two competitors	1.4	1.6
26–99% Concentration (Note 1)		
Huiyuan Juice (Note 2)	49.3	45.0
Second ranked competitor	30.9	30.0
Third ranked competitor	2.9	1.9
Fourth ranked competitor	1.6	2.1
Fifth ranked competitor	0.8	1.5
Sixth ranked competitor	0.8	2.0
Next two competitors	0.7	1.3
25% & Below Concentration		
First ranked competitor	32.5	33.8
Second ranked competitor	20.2	17.4
Third ranked competitor	17.0	14.4
Fourth ranked competitor	8.1	9.9
Huiyuan juice (Note 3)	5.4	4.3
Sixth ranked competitor	4.9	5.3
Next two competitors	3.6	6.2

Note:

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

(2) Huiyuan Juice includes "Huiyuan", "Quan You" and "Guo Xianmei", the sub-brands of Huiyuan Juice.

(3) Huiyuan Juice includes "Huiyuan", "Zhen Series" and "Kiwi Super Fruits", the sub-brands of Huiyuan Juice.

"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."

Management Discussion and Analysis (Continued)

Business Review

Overview

As a leading fruit and vegetable juice producer in China, the Group continues to benefit from the continuing growth in per capita disposable income, consumers' increasing purchasing power, and growing demand for natural, healthy beverages among Chinese consumers. Our Huiyuan brand continues to maintain strong recognition across the Chinese markets. The Group also continued to maintain a strong position in its product development and rollout capabilities and has established a proven system of large scale production and quality control, as well as an effective nationwide sales and distribution network supported by extensive production facilities in key markets.

The Group's performance for the first half of 2009, however, was affected by uncertainties arising from the Proposed Coca-Cola Takeover Offer. In addition, during the period under review, the management focused on implementing a number of restructuring and strategic initiatives to enhance operation efficiency, accountability and performance of the Group's sales and distribution network. These measures had a temporary negative impact on the sales and overall performance during the period under review, but are expected to enhance the Group's long-term growth and efficiency. These initiatives include:

— Establishing approximately 500 sales offices across the country in order to gain further access to and control of our points of sales;

— Restructuring sale representatives' remuneration and implementing further incentives and supportive policies for sales representatives, with key focus on sales at our points of sales and improving service quality;

— Launching the "Mobile-Visit-System (MVS)", a sales information collection and management automation system, in the Group's nation-wide sales and distribution network;

— Strengthening training programs for sales representatives; and

— Further investment in the Group's product marketing campaigns.

Management Discussion and Analysis (Continued)

Products

The Group currently produces and supplies approximately 230 kinds of fruit and vegetable juice beverage products to cater for different consumer needs. These products are divided into three categories according to juice concentration; 100% juices, nectars and juice drinks. They offer a diverse selection of flavors, package sizes and types.

During the period under review, the Group launched a number of new juice drinks, including “Lemon me” and “ Super Berry Fruit”, to further expand the range of juice drinks products.

Production

In the past few years, the Company has established an extensive network of large scale production plants throughout China. As at June 30, 2009, the Group has accumulated a total annual production capacity of 2.9 million tonnes. The Company believes that with this first mover advantage, it is well positioned to capture the expected strong demand for juice and beverage drinks in China in the future.

Distribution

In addition to quality products and advanced production facilities, a wide and comprehensive distribution network is also essential for increasing sales volume. During the period under review, the Group further strengthened its distribution network and management of its sales representatives by launching the MVS in its nation-wide sales network. The introduction of the MVS will enable the Group to develop an efficient and effective communication platform among its sales representatives to increase the overall quality of on-site marketing activities and customer coverage for the Group. As at 30 June 2009, the Group had approximately 6,600 sales representatives in 500 sales offices and 2,200 distributors, serving over 1.1 million points of sales.

During the period under review, the Group completed the acquisition of the sales network of nine distributors located in Beijing, Shanghai, Wuhan, Tianjin, Taiyuan, Chongqin, Chengdu, and Jilin. The Directors believe that the completion of the acquisition will enable the Group to strengthen its market position and increase sales in these strategic locations.

Branding and Marketing

With respect to branding, the Group continued to use advertising and promotional activities as the major marketing channel to enhance consumers’ brand awareness to reinforce the Huiyuan brand.

Community Activities

The Group strongly values its corporate social responsibilities. The Group continues to adhere to its corporate mission of maintaining society’s well-being while striving to supply products of the highest quality. During the period under review, the Group also actively took part in various charity events.

Management Discussion and Analysis (Continued)

Operating Results

Overview

Turnover of the Group decreased by 32.0% from RMB1,294.4 million for the six months ended 30 June 2008 to RMB879.7 million for the same period in 2009. Profit attributable to equity holders decreased by 81.8% from RMB367.3 million for the six months ended 30 June 2008 to RMB66.7 million for the same period in 2009.

Sales

Sales of the Group's core juice products, comprising 100% fruit juices, nectars and juice drinks, decreased by 31.3% from RMB1,182.3 million for the six months ended 30 June 2008 to RMB811.8 million for the same period in 2009 primarily due to a decrease in sales of all of the Group's core juice products.

Sales of 100% fruit juices, which accounted for 20.3% of the Group's total sales, decreased by 28.5% from RMB249.7 million for the first six months ended 30 June 2008 to RMB178.5 million for the same period in 2009. The decrease was mainly due to a 33.5% decrease in sales volume, which was partially offset by a 7.5% increase in average selling price. Despite the decrease in sales volume, the Group's market share in 100% fruit juices continues to maintain its leading position in 100% juice in China.

Sales of nectars, which accounted for 41.5% of the Group's total sales, decreased by 26.0% from RMB494.0 million for the six months ended 30 June 2008 to RMB365.5 million for the same period in 2009, primarily due to a 21.5% decrease in sales volume. Despite the decrease in sales volume, the Group has maintained its leading position in China with a 49.3% market share by sales volume for the first half of 2009.

Sales of juice drinks, which accounted for 30.4% of the Group's total sales, decreased by 38.9% from RMB438.6 million for the six months ended 30 June 2008 to RMB267.8 million for the same period in 2009, primarily due to a 27.9% decrease in the sales volume and a 15.3% decrease in the average selling price.

Sales of other beverage products decreased by 39.5% from RMB112.1 million for the six months ended 30 June 2008 to RMB67.8 million for the same period in 2009, primarily due to a decrease in the sales of bottled water and tea.

Cost of Sales

Cost of sales decreased by 25.7% from RMB887.3 million for the six months ended 30 June 2008 to RMB659.0 million for the same period in 2009. The decrease in cost of sales was primarily due to the decrease in sales, which was partially offset by certain fixed production costs such as depreciation cost.

Gross Profit

Gross profit decreased by 45.8% from RMB407.1 million for the six months ended 30 June 2008 to RMB220.7 million for same period in 2009. Gross profit margin decreased from 31.5% for the six months ended 30 June 2008 to 25.1% for the same period in 2009.

Other Income

Other income decreased by 96.0% from RMB35.4 million for the six months ended 30 June 2008 to RMB1.4 million for the same period in 2009, primarily due to (i) the decrease in interest income on structured and time deposits, which amounted to RMB19.0 million; and (ii) the loss of RMB10.0 million incurred by disposal of certain obsolete production equipments for the six months ended 30 June 2009.

Selling and Marketing Expenses

Selling and marketing expenses increased by 17.4% from RMB272.4 million for the six months ended 30 June 2008 to RMB319.8 million for the same period in 2009, mainly due to a RMB59.7 million increase in marketing expenses, which was primarily as a result of (i) the purchase of vehicles, refrigerators and marketing consumables to reward distributors for their sales performance in the Spring Festival season of 2009; and (ii) payments by cash or in kind for distributions as incentives to enhance the relationship between the Group and the distributors which were affected by the uncertainties associated with the Proposed Coca-Cola Takeover Offer.

Administrative Expenses

Administrative expenses increased by 93.2% from RMB79.0 million for the six months ended 30 June 2008 to RMB152.6 million for the same period in 2009. The increase in administrative expenses was primarily due to (i) an increase in provision for impairment of certain raw materials and finished goods and receivables mainly as a result of the decrease in sales; (ii) an increase in deprecation of certain idled production equipments as a result of the decrease in production volume; (iii) the professional fees paid for the Proposed Coca-Cola Takeover Offer; and (iv) the administrative expenses incurred by certain new plants established in the second half of 2008 and first half of 2009.

Finance Income

Finance income increased by 14.9% from RMB289.4 million for the six months ended 30 June 2008 to RMB332.4 million for the same period in 2009, primarily due to a RMB108.5 million increase in fair value change in conversion right of the Convertible Bonds, partially offset by a RMB0.1 million foreign exchange loss for the six months ended 30 June 2009 as compared to a RMB64.9 million foreign exchange gain for the same period in 2008.

Income Tax Expenses

Income tax expenses increased by 9.2% from RMB14.2 million for the six months ended 30 June 2008 to RMB15.5 million for the same period in 2009, primarily due to a RMB7.5 million deferred tax asset which had been recognized for unutilized tax loss in previous years and which was written off in the first half of 2009.

Profit Attributable to Equity Holders of the Company

As a result of the foregoing, the Group recorded RMB250.2 million in operating loss for the six months ended 30 June 2009 as compared with a RMB92.1 operating profit for the same period in 2008 and the profit attributable to equity holders of the Company decreased by 81.8% from RMB367.3 million for the

Management Discussion and Analysis (Continued)

six months ended 30 June 2008 to RMB66.7 million for the same period in 2009. The margin for profit attributable to our equity holders decreased from 28.4% for the six months ended 30 June 2008 to 7.6% for the same period in 2009.

Liquidity and Financial Resources

The Group's 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 2009, we had an aggregate of RMB653.6 million in outstanding bank loans and RMB714.1 million in outstanding Convertible Bonds as compared to RMB809.4 million of outstanding bank loans and RMB687.1 million of outstanding Convertible Bonds as at 30 June 2008. The gearing ratio (total debt (including convertible bonds)/total equity) of the Group was 29.5% as at 30 June 2009, representing a decrease of 4.2% as compared with 30.8% as at 30 June 2008.

The Group's indebtedness include bank loans and the Convertible Bonds. As at 30 June 2009, the Group had the following indebtedness:

	Repayable within one year	Repayable after one year (RMB in million)	Total
Bank loans	653.6	—	653.6
Convertible Bonds	—	714.1	714.1
Total	653.6	714.1	1,367.7
Analysed as:			
Secured	—	—	—
Unsecured	653.6	714.1	1,367.7

Bank loans include a US$70 million loan. In accordance with the terms of the loan agreement, the US$70 million loan can be repayable in the next 12 months. In any case management has been reviewing the Group's liquidity needs and is considering to repay the US$70 million loan within 12 months.

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 others) and finished products (including juices and other beverage products). Raw materials make up the majority of the Group's inventory. Raw materials turnover days increased from 228 days during the six months ended 30 June 2008 to 273 days during the same period in 2009. The increase in raw materials turnover days was due to a decrease in production volume, which led to a higher storage of raw materials as at 30 June 2009. Turnover days for trade receivables decreased from 50 days during the six months ended 2008 to 37 days during the same period in 2009. Turnover days for trade payables remained stable during the six months ended 30 June 2009 as compared to the same period in 2008.

Contingent Liabilities

As at 30 June 2009, we did not have any significant outstanding contingent liabilities.

Off-Balance Sheet Transactions

As at 30 June 2009, we had not entered into any off-balance sheet transactions.

Pledge of Assets

As at 30 June 2009, none of our property, plant, equipment and land use right of the Group were pledged to secure bank borrowings.

Capital Leases

As at 30 June 2009, we did not have any capital leases.

Foreign Exchange Rate Risk

The Group's operating activities are mainly conducted in Renminbi, except for the purchase of certain juice concentrates from Brazil and the United States, and the purchase of certain machine and equipment from overseas. As at 30 June 2009, 96.9% of the Group's bank loans were denominated in US dollars. The Convertible Bonds are also denominated in US dollars. Fluctuations in exchange rates may adversely affect the value, translated or converted into Renminbi, of the Group's net assets, earnings and any dividends the Company declares.

Prospects and Development Strategy

The Group's performance for the first half of 2009 was affected by uncertainties arising from the Proposed Coca-Cola Takeover Offer and the implementation of certain restructuring and strategic initiatives. Nonetheless, the Directors believe that such restructuring and strategic initiatives have established a solid foundation for the Group's long-term growth and its economic benefits will gradually emerge. Among such initiatives, the introduction of the MVS will enable the Group to develop an efficient and effective communication platform among its sales representatives to increase the overall quality of on-site marketing activities and customer feedback for the Group. In the PRC fruit beverage market which features both rapid growth potential and fierce competition, the Group will further enhance the Huiyuan brand and optimize its sales and distribution network in order to strengthen its market leading position in 100% juice and nectars markets. The Group's monthly sales has been increasing since June 30, 2009 and the Directors are confident that the Group will achieve sales growth the second half of 2009.

Looking forward, the Group will continue to seek growth through the following strategies:

— continue to restructure and enhance the Group's sales and distribution network and further strengthen its control over target retail markets;

— continue to leverage on the Group's advantage in accessing to stable supply of high quality raw materials; and

— improve the utilization rate of the Group's production capacity in order to leverage on its proven system of large scale manufacturing and quality control.

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 2009.

Interim Dividend

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

Financial Management and Audit Committee

The Financial Management and Audit Committee of the Company was established on 21 September 2006 with written terms of reference in compliance with the Code on Corporate Governance Practice (the "**Corporate Governance Code**") as contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules"). Currently there are three members of the committee, namely Mr. Tsui Yiu Wa, Alec (Chairman), Mr. Wang Bing and Mr. Song Quanhou, who are all independent non-executive directors of the Company.

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 2009 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 2009 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 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 2009, 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 kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange

Directors' Report (Continued)

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
Mr. Zhu Xinli[a]	–	–	610,000,000	–	610,000,000	41.53%
	–	–	9,136,588[b]	–	9,136,588[b]	0.62%

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 2009	Number of underlying shares comprised in the options granted during the six months ended 30 June 2009	Number of underlying shares comprised in the options cancelled or lapsed during the six months ended 30 June 2009	Number of underlying shares comprised in the options exercised six months ended 30 June 2009	Number of underlying shares comprised in the options as at 30 June 2009
Mr. Tsui Yiu Wa, Alec	Beneficial owner	25 February 2008	25 February 2018	6.39	150,000	–	–	–	150,000

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
Mr. Zhu Xinli[a] [c]	–	–	610,000,000	–	610,000,000	41.53%
	–	–	9,136,588[b]	–	9,136,588[b]	0.62%

Notes:

(a) These shares were beneficially owned by Huiyuan Holdings which is wholly-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) China Huiyuan Holdings holds US$6,000,000 Convertible Bonds which are convertible into 9,136,588 Shares. China Huiyuan Holdings is indirectly wholly-owned by Mr. Zhu Xinli through Huiyuan Holdings. As such, Mr. Zhu Xinli is deemed to be interested in these shares.

Directors' Report (Continued)

(c) 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 reorganization 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 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 2009 or the period following 30 June 2009 up to the date of this report, was the Company or any of its subsidiaries or its holding company or any of the subsidiaries of the Company's holding company a party to any arrangement to enable the directors or the chief executive of the Company or their respective associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors and chief executive, or their spouse and children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during such period.

Share Option Schemes

The terms of the Pre-IPO Share Option Scheme and the Share Option Scheme were disclosed 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. 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:

Directors' Report (Continued)

(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 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 2009, a total of 1,000,000 shares (representing approximately 0.07% 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 2009 is as follows:

Name of grantee	Date of grant	Date of expiry	Exercise price (HK$)	Number of underlying shares comprised in the outstanding options as at 1 January 2009	Number of underlying shares comprised in the options lapsed or cancelled during the 6 months ended 30 June 2009	Number of underlying shares comprised in the options exercised during the 6 months ended 30 June 2009	Number of underlying shares comprised in the options outstanding as at 30 June 2009
Ng Yuk Keung	30 January 2007	22 February 2017	6.00	700,000	–	–	700,000
Dong Ying	30 January 2007	22 February 2017	6.00	300,000	–	–	300,000
				1,000,000	–	–	1,000,000

Directors' Report (Continued)

2. Share Option Scheme

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

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

The total number of Shares which may be issued upon exercise of all options to be granted under the 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 grant of an option, the relevant grantee may exercise up to 25%, 50%, 75% and 100%, respectively, of the shares comprised in his or her option.

Directors' Report (Continued)

Movement of the options granted under the Share Option Scheme during the six months ended 30 June 2009 is as follows:

Name of grantee	Date of grant	Date of expiry	Exercise price (HK$)	Number of underlying shares comprised in the outstanding options as at 1 January 2009	Number of underlying shares comprised in the options lapsed or cancelled during the 6 months ended 30 June 2009	Number of underlying shares comprised in the options exercised during the 6 months ended 30 June 2009	Number of underlying shares comprised in the options outstanding as at 30 June 2009
Mr. Tsui Yiu Wa, Alec	25 February 2008	25 February 2017	6.39	150,000	–	–	150,000
An aggregate of 515 employees	25 February 2008	25 February 2017	6.39	28,810,500	–	–	28,810,500
				28,960,500	–	–	28,960,500

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

As at 30 June 2009, 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
Mr. Zhu Xinli[a]	610,000,000[c]	41.53%
	9,136,588[c][d]	0.62%
Huiyuan Holdings[a]	610,000,000[c]	41.53%
	9,136,588[c][d]	0.62%
China Huiyuan Holding[a]	610,000,000[c]	41.53%
	9,136,588[c][d]	0.62%
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%
APG Group	98,774,501	6.70%

Directors' Report (Continued)

Short positions

Name	Number of shares	Percentage of the Company's issued share capital
Mr. Zhu Xinli[(a)]	610,000,000[(c)]	41.53%
	9,136,588[(c)(d)]	0.62%
Huiyuan Holdings[(a)]	610,000,000[(c)]	41.53%
	9,136,588[(c)(d)]	0.62%
China Huiyuan Holding[(a)]	610,000,000[(c)]	41.53%
	9,136,588[(c)(d)]	0.62%

Notes:

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

(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 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 reorganization 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 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.

(d) China Huiyuan Holdings holds US$6,000,000 Convertible Bonds which are convertible into 9,136,588 Shares. China Huiyuan Holdings is indirectly wholly-owned by Mr. Zhu Xinli through Huiyuan Holdings, so Mr. Zhu Xinli is deemed to be interested in these shares.

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 2009, 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.

As at 30 June 2009, if the Bond Holders fully converted their Convertible Bonds into the Ordinary Shares at a price of HK$5.1, i.e., at a 15% discount to the Offer Price, a total of 107,911,089 Ordinary Shares would have been issued and the then issued share capital of the Company would have been enlarged to comprise a total of 1,576,727,293 Ordinary Shares. As such, assuming that the all the outstanding options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme were fully exercised as at 30 June 2009, the public float (as defined under the Listing Rules) would decrease to 29.96% from 32.77% prior to such conversion.

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 June 2009, 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 2009, the Group had 8,520 employees (31 December 2008: 4,935 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 the Pre-IPO Share Option Scheme and the 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.

Changes to Information in respect of Directors

In accordance with Rule 13.51B(1) of the Listing Rules, the changes to information required to be disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) since the publication of the 2008 Annual Report are set out below:

Experience including other directorships and major appointments

Mr. Tsui Yiu Wa, Alec retired from Vertex Group Company Limited as an independent non-executive director with effect from 30 April 2009 and became an independent non-executive director of China Oilfield Services Limited (中海油田服務股份有限公司) with effect from 3 June 2009.

Directors' Report (Continued)

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 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 2009, 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. Having made specific enquiry of all directors of the Company, the directors have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2009.

On behalf of the board
Zhu Xinli
Chairman

Beijing, 15 September 2009

Unaudited Condensed Consolidated Interim Balance Sheet

As at 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

	Note	Unaudited 30 June 2009 RMB'000	Audited 31 December 2008 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,253,674	3,102,455
Intangible assets	6	467,591	317,262
Land use rights	7	426,072	429,080
Long-term prepayment	6	—	148,583
Deferred income tax assets		23,365	31,070
Long-term receivable		11,860	—
Total non-current assets		4,182,562	4,028,450
Current assets			
Inventories	8	853,273	760,560
Trade and other receivables	9	516,311	643,666
Derivative financial instruments		—	882
Other loans and receivables	10	60,000	356,786
Restricted cash	11	37,051	94,355
Cash and cash equivalents	12	968,085	1,306,621
Total current assets		2,434,720	3,162,870
Total assets		6,617,282	7,191,320
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		144,175	139,298
Retained earnings			
— Proposed dividend		—	22,235
— Others		776,095	709,351
Total equity		4,637,366	4,587,980

Unaudited Condensed Consolidated Interim Balance Sheet (Continued)

As at 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

	Note	Unaudited 30 June 2009 RMB'000	Audited 31 December 2008 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	16	—	478,266
Deferred government grants		64,298	65,009
Long-term payable for land use rights		7,811	7,751
Long-term payable for license fee		2,730	4,095
Convertible bonds	17	714,128	—
Total non-current liabilities		788,967	555,121
Current liabilities			
Trade and other payables	15	499,505	472,313
Taxation payable		7,430	27,305
Deferred revenue		30,448	18,970
Convertible bonds	17	—	1,069,396
Borrowings	16	653,566	460,235
Total current liabilities		1,190,949	2,048,219
Total liabilities		1,979,916	2,603,340
Total equity and liabilities		6,617,282	7,191,320
Net current assets		1,243,771	1,114,651
Total assets less current liabilities		5,426,333	5,143,101

The notes on pages 28 to 60 form an integral part of this condensed interim financial information.

Unaudited Condensed Consolidated Interim Statement of Comprehensive Income

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

		Unaudited Six months ended 30 June	
		2009	2008
	Note	RMB'000	RMB'000
Revenue	18	879,691	1,294,440
Cost of sales	20	(659,028)	(887,319)
Gross profit		220,663	407,121
Other income — net	19	1,406	35,440
Other gains		106	971
Selling and marketing expenses	20	(319,781)	(272,356)
Administrative expenses	20	(152,556)	(79,036)
Finance income — net	22	332,386	289,389
Profit before income tax		82,224	381,529
Income tax expense	23	(15,480)	(14,188)
Profit for the period		66,744	367,341
Total comprehensive income for the period		66,744	367,341
Profit attributable to equity holders of the Company		66,744	367,341
Total comprehensive income attributable to equity holders of the Company		66,744	367,341
		RMB Cents per share	RMB Cents per share
(Losses)/earnings per share for profit attributable to the equity holders of the Company	24		
— basic		4.5	25.0
— diluted		(16.9)	7.0
Dividends	25	—	—

The notes on pages 28 to 60 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 2009
(All amounts in RMB thousands unless otherwise stated)

		Unaudited Six months ended 30 June						
		Attributable to equity holders of the Company						
	Note	Share capital RMB'000 Note 13	Share premium RMB'000 Note 13	Statutory reserve fund RMB'000	Staff welfare funds RMB'000	Share-based compensation reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1 January 2009		**114**	**3,716,982**	**122,539**	**–**	**16,759**	**731,586**	**4,587,980**
Share-based payment expenses	*14*	–	–	–	–	4,877	–	4,877
Total comprehensive income for the period		–	–	–	–	–	66,744	66,744
Dividends paid	*25*	–	–	–	–	–	(22,235)	(22,235)
Balance at 30 June 2009		**114**	**3,716,982**	**122,539**	**–**	**21,636**	**776,095**	**4,637,366**
Balance at 1 January 2008		114	3,716,982	95,950	16,523	3,567	828,084	4,661,220
Staff welfare payment		–	–	–	(12,000)	–	–	(12,000)
Share-based payment expenses	*14*	–	–	–	–	7,828	–	7,828
Total comprehensive income for the period		–	–	–	–	–	367,341	367,341
Dividends paid		–	–	–	–	–	(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

The notes on pages 28 to 60 form an integral part of this condensed interim financial information.

Unaudited Condensed Consolidated Interim Cash Flow Statement

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

		Unaudited	
		Six months ended 30 June	
	Note	2009 RMB'000	2008 RMB'000
Cash flows from operating activities			
Cash used in operations		(148,854)	(325,119)
Interest paid		(13,948)	(16,806)
Interest received		6,796	19,910
Income tax paid		(27,650)	(18,280)
Net cash used in operating activities		(183,656)	(340,295)
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired		17,492	—
Purchases of property, plant and equipment	5	(228,758)	(375,687)
Proceeds from sale of property, plant and equipment		6,859	4,231
Cash received on government grant		12,291	3,370
Purchase of land use rights	7	(2,053)	(20,413)
Return/(payment) of consideration of sales networks	6	10,379	(163,870)
Decrease/(increase) in restricted cash	11	57,304	(248,112)
Decrease in other loans and receivables	10	296,786	362,942
Net cash generated from/(used in) investing activities		170,300	(437,539)
Cash flows from financing activities			
Proceeds from bank borrowings	16	20,000	313,421
Redemption of convertible bonds	17	(15,891)	—
Repayments of bank borrowings		(307,402)	—
Dividends paid	25	(22,235)	(158,849)
Net cash (used in)/generated from financing activities		(325,528)	154,572
Exchange gain/(loss) on cash and cash equivalents		348	(706)
Net decrease in cash and cash equivalents		(338,536)	(623,968)
Cash and cash equivalents at beginning of the period		1,306,621	1,290,220
Cash and cash equivalents at end of the period		968,085	666,252

The notes on pages 28 to 60 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 2009
(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" or "China").

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 15 September 2009.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2009 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 2008, which have been prepared in accordance with IFRS.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

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 2008, 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.

(a) The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

- IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

  Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present one performance statement. The interim financial statements have been prepared under the revised disclosure requirements.

- IFRS 8, 'Operating segments'. IFRS 8 replaces IAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

  Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the executive directors that make strategic decisions.

  Goodwill is allocated by management to groups of cash-generating units on a segment level. The management has adopted the amendment accordingly.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

3 ACCOUNTING POLICIES (continued)

(a) The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009. (continued)

- Amendment to IFRS 7, 'Financial instruments: disclosures'. The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures about financial instruments and requires some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. It also requires a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk. The Group will make additional relevant disclosures in its financial statements ending 31 December 2009.

- IAS 23 (amendment), 'Borrowing costs'. The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. There is no significant impact on the Group for the period.

- IFRS 2 (amendment), 'share-based payment'. The amendment clarifies that vesting conditions are service conditions and performance conditions only, and specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. There is no significant impact on the Group for the period.

- IFRIC 13, 'Customer loyalty programmes'. It is not expected to have an impact on the Group's condensed consolidated interim statement of comprehensive income as the Group's current accounting policy is in line with IFRIC 13.

(b) The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2009 but are not currently relevant for the Group.

- IFRIC 9 (amendment), 'Reassessment of embedded derivatives' and IAS 39 (amendment), 'Financial instruments: Recognition and measurement'.

- IFRIC 15, 'Agreements for the construction of real estate'.

- IFRIC 16, 'Hedges of a net investment in a foreign operation'.

- IAS (amendment) 32, 'Financial instruments: presentation'.

- IAS (amendment) 39, 'Financial instruments: Recognition and measurement'.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

3 ACCOUNTING POLICIES (continued)

(c) The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

- Amendment to IAS 1 'Presentation of financial statements', effective for periods beginning on or after 1 January 2010. Current/non-current classification of the liability component of convertible instruments is not affected by the holder's option which will result in the settlement by the issuance of equity instruments. The Group will apply IAS 1 (amendment) from 1 January 2010.

- Amendment to IAS 7 'statement of cash flows', effective for periods beginning on or after 1 January 2010. Only expenditures that result in a recognised asset are eligible for classification as investing activities. The Group will apply IAS 7 (amendment) from 1 January 2010.

- Amendment to IAS 17 'Leases', effective for periods beginning on or after 1 January 2010. The amendment removes the specific guidance on the classification of long-term leases of land as operating leases. When classifying land leases, the general principles applicable to the classification of leases should be applied. The classification of land leases has to be reassessed on adoption of the amendment on the basis of information existing at inception of the leases. The Group will apply IAS 17 (amendment) from 1 January 2010.

- Amendment to IAS 38 'Intangible assets', effective for periods beginning on or after 1 July 2009. This clarifies the description of the valuation techniques commonly used to measure intangible assets acquired in a business combination when they are not traded in an active market. In addition, an intangible asset acquired in a business combination might be separable but only together with a related contract, identifiable asset or liability. In such cases, the intangible asset is recognised separately from goodwill but together with the related item. The Group will apply IAS 38 (amendment) from 1 January 2010.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

3 ACCOUNTING POLICIES (continued)

(d) Except for those disclosed in note 3(c) above, there are a number of amendments and interpretations to the existing standards which have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods but are not relevant for the Group's operation. They are not disclosed due to excessive length.

4 SEGMENT REPORTING

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

Management considers there is no business segment information of the Group to be 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.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

5 PROPERTY, PLANT AND EQUIPMENT

	Unaudited *RMB'000*
Six months ended 30 June 2009	
Opening net book amount at 1 January 2009	**3,102,455**
Acquisition of a subsidiary	**2,664**
Additions	**295,565**
Disposals	**(37,660)**
Depreciation charge	**(109,350)**
Closing net book amount at 30 June 2009	**3,253,674**
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

There is no property, plant and equipment pledged as security for borrowings as at 30 June 2009 (31 December 2008: nil).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

6 INTANGIBLE ASSETS

	Unaudited					
	Goodwill	Trademark	License right	Sales network	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2009						
Opening net book amount at 1 January 2009	166,067	146,528	4,228	—	439	317,262
Additions (b)	—	—	—	153,732	122	153,854
Amortisation (a)	—	(2,965)	(537)	—	(23)	(3,525)
Closing net book amount at 30 June 2009	166,067	143,563	3,691	153,732	538	467,591
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

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

(b) The Group paid RMB164 million to acquire the sales distribution networks above from certain major distributors in May 2008. The Group had however decided to terminate purchase agreements with two distributors and initiate a new agreement with another distributor in the second half of 2008, which resulted in a decrease in the total consideration from RMB164 million to RMB154 million. This consideration was determined based on the fair value determined by an independent qualified valuer and no goodwill has been recognised for these transactions.

As at 31 December 2008, due to certain commercial reasons and changes of circumstances in the second half of 2008, the transfer had not been completed and these payments were therefore reclassified as long term prepayment. As at 30 June 2009, the finalised consideration of RMB154 million had been transferred from long-term prepayment to intangible assets as the Group had assumed ownership of the distribution networks during the period. The balance will be amortised over the expected beneficial lives of the distribution networks.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

7 LAND USE RIGHTS

	Unaudited *RMB'000*
Six months ended 30 June 2009	
Opening net book amount at 1 January 2009	**429,080**
Additions	**1,048**
Amortisation	**(4,056)**
Closing net book amount at 30 June 2009	**426,072**
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

There are no land use rights pledged as security for borrowings as at 30 June 2009 (31 December 2008: nil)

8 INVENTORIES

	Unaudited 30 June 2009 *RMB'000*	**Audited 31 December 2008** *RMB'000*
Raw materials	**728,135**	630,917
Finished goods	**125,138**	129,643
	853,273	760,560

As at 30 June 2009 and 31 December 2008, inventories carried at net realisable value amounted to approximately RMB3,389,000 and RMB5,780,000, respectively.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

9 TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2009 RMB'000	Audited 31 December 2008 RMB'000
Trade receivables (a)	185,848	150,794
Other receivables	21,197	57,347
Prepayments for raw materials	315,487	323,313
Bills receivable	9,588	121,137
	532,120	652,591
Less: provision for impairment of receivables	(15,809)	(8,925)
	516,311	643,666

(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 2009, except for these balances to be collected according to an agreed schedule, there is no trade receivable past due but not impaired. Trade receivables of RMB15,809,000 (31 December 2008: RMB8,925,000) were past due and fully provided against. The individually impaired receivables mainly relate to certain customers which are in unexpected difficult economic situations.

As at 30 June 2009 and 31 December 2008, the ageing analysis of the trade receivables are as follows:

— Third parties

	Unaudited 30 June 2009 RMB'000	Audited 31 December 2008 RMB'000
Within 3 months	125,676	96,862
Between 4 and 6 months	36,140	11,023
Between 7 and 12 months	20,175	23,066
Between 1 and 2 years	2,092	18,476
	184,083	149,427

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

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(All amounts in RMB thousands unless otherwise stated)

9 TRADE AND OTHER RECEIVABLES (continued)

— Related parties

	Unaudited 30 June 2009 RMB'000	Audited 31 December 2008 RMB'000
Within 3 months	392	1,367
Between 4 and 6 months	1,373	—
	1,765	1,367

10 OTHER LOANS AND RECEIVABLES

	Unaudited 30 June 2009 RMB'000	Audited 31 December 2008 RMB'000
Time deposits	60,000	356,786

Other loans and receivables represent time deposits with banks denominated in RMB which mature within 12 months. The interest return on the time deposit is estimated at 4.14% per annum. The deposit is 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.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

12 CASH AND CASH EQUIVALENTS

	Unaudited 30 June 2009 RMB'000	Audited 31 December 2008 RMB'000
Cash at banks and cash in hand		
Denominated in		
— Renminbi Yuan	607,670	1,282,636
— U.S. Dollar	393,735	3,426
— Euro	3,382	502
— Hong Kong Dollar	349	114,412
	1,005,136	1,400,976
Less: restricted cash (note 11)	(37,051)	(94,355)
	968,085	1,306,621

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 30 June 2009 and 31 December 2008	1,468,816	114	3,716,982	3,717,096

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

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 became 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:

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

(ii) 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.

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.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

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

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

Date of grant	Number of options outstanding as at 1 January 2009	Number of options lapsed or cancelled during the 6 months ended 30 June 2009	Number of options exercised during the 6 months ended 30 June 2009	Number of options outstanding as at 30 June 2009	Date of expiry	Exercise price (HK$)
25 February 2008	1,000,000	—	—	1,000,000	22 February 2017	6.00

The Pre-IPO options outstanding as at 30 June 2009 have the following vesting dates and weighted average exercise price:

	Unaudited 30 June 2009		Audited 31 December 2008	
Vesting Date	Exercise price (per share) *HK$*	Outstanding options *(Thousands)*	Exercise price (per share) *HK$*	Outstanding options *(Thousands)*
23 February 2008	**6**	**300**	6	300
23 February 2009	**6**	**300**	6	300
23 February 2010	**6**	**400**	6	400
	6	**1,000**	6	1,000

As at 30 June 2009, a total of 1,000,000 shares (representing approximately 0.07% 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.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

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

(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 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.

Date of grant	Date of expiry	Exercise Price (HK$)	Number of underlying shares comprised in the options outstanding as at 1 January 2009	Number of underlying shares comprised in the options lapsed or cancelled during the 6 months ended 30 June 2009	Number of underlying shares comprised in the options exercised during the 6 months ended 30 June 2009	Number of underlying shares comprised in the options outstanding as at 30 June 2009
25 February 2008	25 February 2017	6.39	28,960,500	–	–	28,960,500

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
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14 SHARE OPTION AND PRE-IPO SHARE OPTION (continued)

(c) Fair value of share options

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

	RMB'000
Fair value of Pre-IPO Share Options granted on 30 January 2007	6,853
Fair value of the Share Options granted on 25 February 2008	23,823
	30,676

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

Grant date	25 February 2008	30 January 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 statement of comprehensive income for the six months ended 30 June 2009 amounted to RMB4,877,000 (corresponding period in 2008: RMB7,828,000).

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

15 TRADE AND OTHER PAYABLES

	Unaudited 30 June 2009 RMB'000	Audited 31 December 2008 RMB'000
Trade payables (a)	**145,627**	152,691
Other payables	**353,878**	319,622
	499,505	472,313

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

— Third parties

	Unaudited 30 June 2009 RMB'000	Audited 31 December 2008 RMB'000
Within 3 months	**131,185**	138,743
Between 4 and 6 months	**5,900**	3,999
Between 7 and 12 months	**4,290**	2,312
Over 1 year	**4,252**	3,643
	145,627	148,697

— Related parties

	Unaudited 30 June 2009 RMB'000	Audited 31 December 2008 RMB'000
Within 3 months	**—**	3,438
Between 4 and 6 months	**—**	357
Between 7 and 12 months	**—**	199
	—	3,994

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

16 BORROWINGS

	Unaudited 30 June 2009 RMB'000	Audited 31 December 2008 RMB'000
Bank borrowings		
Non-current	–	478,266
Current	653,566	460,235
Total borrowings	653,566	938,501
Bank borrowings		
Unsecured	653,566	938,501

Bank loans include a US$70 million loan. In accordance with the terms of the loan agreement, the US$70 million loan can be repayable in the next 12 months. In any case management has been reviewing the Group's liquidity needs and is considering to repay the US$70 million loan within 12 months.

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 2009 RMB'000	Audited 31 December 2008 RMB'000
6 months or less	653,566	938,501

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
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16 BORROWINGS (continued)

The maturity dates of the borrowings were analysed as follows:

	Unaudited 30 June 2009 RMB'000	Audited 31 December 2008 RMB'000
Within 1 year	653,566	460,235
Between 1 and 2 years	–	191,307
Between 2 and 5 years	–	286,959
	653,566	938,501

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

	Unaudited 30 June 2009	Audited 31 December 2008
Bank borrowings	2.60%	4.29%

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

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
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17 CONVERTIBLE BONDS

	Unaudited 30 June 2009 *RMB'000*	Audited 31 December 2008 *RMB'000*
Convertible bonds due 2011, liability components	524,300	517,082
Fair value of embedded derivatives	189,828	552,314
	714,128	1,069,396

On 5 February 2007, the Company, China HuiYuan Juice Holdings Co., Ltd., the then holding company of the Company, and the holders of convertible bonds issued by China HuiYuan 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.

The major terms and conditions of the Convertible Bonds are the same as those described in the annual financial statements for the year ended 31 December 2008.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

17 CONVERTIBLE BONDS (continued)

As the optional redemption right had lapsed as at 30 June 2009, the Convertible Bonds had been reclassified from current liabilities to non-current liabilities.

As at 28 December 2007 and 27 June 2008, convertible bonds issued upon exercise of the PIK option of the Convertible Bonds (the "PIK Bonds") had face values of US$830,000 and US$821,000 respectively. The holder of above bonds exercised their redemption right to redeem PIK Bonds with face value of US$2,326,000 in June 2009.

As at 31 December 2007, bonds with a face value US$14,000,000 have been converted into ordinary shares of the Company at the price of HK$5.1 per share during the period from August to October 2007. Accordingly, ordinary shares of the Company increased by 21,318,607 shares as at 31 December 2007. There was no conversion of bonds during 2008 and the six months ended 30 June 2009.

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 cashflow model. The fair value of the conversion rights, together with redemption rights and interest settlement option (considered as a single derivative) (the "conversion right") was valued by estimating the value of the whole bond with and without the conversion feature. The difference in value reflects the value of the conversion right.

	RMB'000
Fair value of conversion right as at 31 December 2008	552,314
Less: Fair value of conversion right as at 30 June 2009	(189,828)
Fair value changes of conversion right included in finance income (note 22)	362,486

The fair value changes in the conversion right for the six months ended 30 June 2009 is RMB362,486,000 (corresponding period in 2008: RMB253,960,000), which is recognised in the condensed consolidated interim statement of comprehensive income and disclosed separately. The related interest expense of the liability component of the Convertible Bonds for the six months ended 30 June 2009 amounted to RMB29,410,000 (corresponding period in 2008: RMB27,174,000), which is calculated using the effective interest method with an effective interest rate of 11.38%.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

17 CONVERTIBLE BONDS (continued)

	RMB'000
Liability component as at 31 December 2008	517,082
Add: Interest expense for the period (note 22)	29,410
Less: Interest payment during the period	(6,097)
Payment for redemption of PIK Bonds	(15,891)
Unrealised exchange gain (note 22)	(204)
Liability component as at 30 June 2009	524,300

18 REVENUE

	Unaudited Six months ended 30 June	
	2009	**2008**
	RMB'000	***RMB'000***
Juice	**811,843**	1,182,350
Other beverages	**67,848**	112,090
	879,691	1,294,440

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

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19 OTHER INCOME — NET

	Unaudited Six months ended 30 June	
	2009	**2008**
	RMB'000	***RMB'000***
Subsidy income	**4,417**	3,310
Net income from sales of materials and scrap	**3,075**	8,691
Net gain from processing beverages for third party	**1,709**	4,726
Amortisation of deferred government grants	**1,438**	1,878
Interest income from other loans and receivables	**559**	19,576
Donation to China Charity Federation and China Red Cross	**—**	(6,066)
(Loss)/gain on disposals of property, plant and equipment	**(10,041)**	694
Others	**249**	2,631
	1,406	35,440

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
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20 EXPENSES BY NATURE

	Unaudited Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Raw materials used and changes in inventories	**488,148**	711,305
Advertising and other marketing expenses	**255,776**	196,090
Depreciation of property, plant and equipment (note 5)	**101,782**	83,893
Employee benefit expense (note 21)	**71,444**	75,590
Water and electricity	**56,579**	55,093
Transportation and related charges	**43,979**	51,408
Impairment loss of inventories	**24,872**	4,120
Impairment loss for trade and other receivables	**15,443**	—
Repairs and maintenance	**15,212**	19,554
Land use tax	**6,955**	4,809
Office and communication expenses	**6,299**	7,845
Travel expenses	**5,033**	6,562
Amortization of land use rights (note 7)	**4,056**	3,556
Amortization of intangible assets (note 6)	**3,525**	3,548
Rental expenses	**2,747**	2,960
Other expenses	**29,515**	12,378
Total cost of sales, selling and marketing expenses and administrative expenses	**1,131,365**	1,238,711

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

21 EMPLOYEE BENEFIT EXPENSE

		Unaudited Six months ended 30 June	
		2009	**2008**
	Note	***RMB'000***	***RMB'000***
Wages and salaries		**60,213**	60,216
Contributions to pension plan and other benefits	*(a)*	**6,354**	7,546
Share option expenses		**4,877**	7,828
		71,444	75,590

(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 certain rates 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 2009 and 2008 were as follows:

	Unaudited Six months ended 30 June	
	2009	**2008**
	RMB'000	***RMB'000***
Salaries, wages and bonuses	**1,431**	1,165
Contributions to pension plan	**19**	16
Welfare and other expenses	**20**	26
	1,470	1,207

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

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22 FINANCE INCOME — NET

	Unaudited Six months ended 30 June 2009 RMB'000	2008 RMB'000
Interest income:		
— from bank deposits (excluding time deposit)	**5,808**	5,240
Interest expenses:		
— Bank borrowings	**(10,842)**	(14,130)
— Interest expense relating to Convertible Bonds (note 17)	**(29,410)**	(27,174)
Less: Interest capitalised	**4,459**	6,548
	(35,793)	(34,756)
Exchange (loss)/gain (excluding Convertible Bonds)	**(319)**	34,171
Exchange gain on liability component of Convertible Bonds (note 17)	**204**	30,774
Fair value changes of conversion right of Convertible Bonds (note 17)	**362,486**	253,960
	332,386	289,389
Weighed average effective interest rate used to calculate capitalisation amount	**1.99%**	5.05%

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

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23 INCOME TAX EXPENSE

	Unaudited Six months ended 30 June	
	2009	**2008**
	RMB'000	***RMB'000***
Current income tax — PRC enterprise income tax	**7,775**	13,094
Deferred income tax charge	**7,705**	1,094
	15,480	14,188

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

According to the New Tax Law, the profits of the PRC subsidiaries of the Group derived since 1 January 2008 will be subject to withholding tax at rates of 5% or 10% upon the distribution of such profits to foreign investors based in or companies incorporated in Hong Kong, or for other foreign investors respectively. The Group determined that no deferred withholding tax liabilities shall be recognised in respect of the profits of the PRC subsidiaries for the year ended 31 December 2008 and for the six months ended 30 June 2009 since the Group plans to reinvest such profits to set up new companies in the PRC and has no plan to distribute such profits in the foreseeable future.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

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 2009 *RMB'000*	2008 *RMB'000*
Profit attributable to equity holders of the Company	**66,744**	367,341
Weighted average number of ordinary shares in issue (thousands)	**1,468,816**	1,468,816
Basic earnings per share (RMB cents)	**4.5**	25.0

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

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	
	2009 RMB'000	2008 RMB'000
Profit attributable to equity holders of the Company	66,744	367,341
Add: Interest expense relating to Convertible Bonds (note 17)	29,410	27,174
Less: Unrealised exchange gain relating to Convertible Bonds (note 17)	(204)	(30,774)
Less: Fair value changes of conversion right of Convertible Bonds (note 17)	(362,486)	(253,960)
(Loss)/profit attributable to equity holders of the Company, used to determine diluted earnings per share	(266,536)	109,781
Weighted average number of ordinary shares in issue (thousands)	1,468,816	1,468,816
Adjustment for Convertible Bonds (thousands)	107,911	110,408
Adjustment for share options (thousands)*	—	—
Weighted average number of ordinary shares for diluted earnings per share (thousands)	1,576,727	1,579,224
Diluted (losses)/earnings per share (RMB cents)	(16.9)	7.0

* Share options are antidilutive and have therefore been excluded from the calculation of diluted (losses)/earnings per share.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

25 DIVIDENDS

The dividends for the year ended 31 December 2008 amounting to RMB22,235,000 were paid in May 2009 (corresponding period in 2008: RMB158,849,000). The board of directors did not recommend the payment of an interim dividend for the six months ended 30 June 2009 (corresponding period in 2008: nil).

26 CONTINGENT LIABILITIES

There were no material contingent liabilities as at 30 June 2009 (31 December 2008: 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 2009 RMB'000	Audited 31 December 2008 RMB'000
Purchase of property, plant and equipment	**31,465**	63,694

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

27 COMMITMENTS (continued)

(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 2009 and 2008 are disclosed in Note 20.

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

The Group is the lessee

	Unaudited 30 June 2009 *RMB'000*	Audited 31 December 2008 *RMB'000*
No later than 1 year	**4,382**	4,438
Later than 1 year and no later than 5 years	**10,680**	9,900
Later than 5 years	**6,260**	6,000
	21,322	20,338

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

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 common significant influence.

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

	Unaudited Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Sales of goods and services		
Sales of recyclable containers	3,844	15,621
Income for provision of power and other utilities	2,067	1,533
Royalty fee income	—	892
	5,911	18,046
Purchase of materials and services		
Purchase of raw materials	252,728	248,270
Rental expenses for lease of plant and land use right	1,000	1,000
Expenses for power and other utilities	509	—
	254,237	249,270

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

28 RELATED-PARTY TRANSACTIONS (continued)

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

In the year of 2008 and 2009, one subsidiary of the Group, Beijing Huiyuan Food & Beverage Co., Ltd has been using and will continue to use certain offices premises owned by Beijing Huiyuan Beverage & Food Group Co., Ltd., a related company of the Group, at nil cost.

In the year of 2008 and 2009, a related company of the Group provided the Group with the right to use three production lines at nil 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.

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

	Note	Unaudited 30 June 2009 RMB'000	Audited 31 December 2008 RMB'000
Trade receivables		1,765	1,367
Prepayments of raw materials	*(i)*	183,973	91,781
Trade payables		—	3,994
Other balances due to related parties	*(ii)*	1,955	466

(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 to related parties are unsecured and non-interest bearing.

Notes to the Unaudited Condensed Consolidated Interim Financial Information (Continued)

For six months ended 30 June 2009
(All amounts in RMB thousands unless otherwise stated)

29 SUBSEQUENT EVENTS

(a) On 27 July 2009, Shandong Xinming Food & Beverage Co., Ltd. a wholly-owned subsidiary of the Company entered into an assets transfer agreement with Shandong Zibo Huiyuan Food & Beverage Co., Ltd. to purchase the assets relating to the sales and production of milk beverage for a cash consideration of RMB131,333,000.

(b) On 27 July 2009, Huiyuan Beijing Holdings Limited, a wholly-owned subsidiary of the Company entered into an equity transfer agreement with Beijing Huiyuan Beverage & Food Group Co., Ltd. to sell the entire equity interest in Tai An Huiyuan Food & Beverage Co., Ltd. for a cash consideration of RMB157,537,000.

Glossary of Terms

"Board"	the board of directors of our Company
"Bond Holders"	the holders of Convertible Bonds
"BVI"	the British Virgin Islands
"China Huiyuan Holdings"	China Hui Yuan Juice Holdings Co., Ltd. (中國滙源果汁控股有限公司*), a limited liability company incorporated in the Cayman Islands
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company", "our Company", "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

Glossary of Terms (Continued)

"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
"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), at which the Shares of the Company were sold under the global offering described in the Prospectus
"Ordinary Shares" or "Shares"	Ordinary shares of US$0.00001 each in the share capital of the Company

Glossary of Terms (Continued)

"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
"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

Glossary of Terms (Continued)

"United States"	The United States of America
"United States $" or "US$"	United States dollars, the lawful currency of the United States

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