CHINA HUIYUAN JUICE GROUP LIMITED

中 國 滙 源 果 汁 集 團 有 限 公 司 *

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 1886)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

HIGHLIGHTS

- **Key financial figures**

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

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

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

- For the year ended 31 December 2014, the Group recorded a revenue of RMB4,592 million. Gross profit reached RMB1,594 million. Overall gross profit margin increased from 31.0% in 2013 to 34.7% in 2014. Loss attributable to equity holders was RMB126.8 million as compared with a profit of RMB228.5 million in 2013. The adjusted loss attributable to equity holders was RMB293.9 million as compared with a profit of RMB330.9 million in 2013. The board of directors of the Company (the "**Board**") did not recommend any final dividend payment for the year.

- According to Nielsen, the Group had a 56.5% and 42.7% share of the PRC market by sales volume in terms of 100% juice and nectars for 2014, respectively, maintaining its leading position in the respective markets.

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

BUSINESS REVIEW FOR YEAR 2014

The year 2014 is a year of positive adjustment for the Company. We have made steady progress in business performance, while innovating our business model throughout the year. The Company has constantly optimized its product mix amidst changing market structures. While core products, ie. 100% juice and nectars, remained as our focus, juice drink products also received general recognition and were well-received by the market.

In May 2014, we commenced the construction of the Company's sales office system. By the end of 2014, we have already set up over 1,000 sale offices that form a network across China, while more than 11,000 employees were newly recruited for the frontline sales force, accompanying around 3,000 distributors covering 1,700 cities across China and approximately 2 million retail terminals, the Company has fully utilized its E-commerce platforms in developing the O2O mode of "Huiyuan by your side", which helped the extension of reach of Huiyuan products in the markets.

The Company started its cooperation with Sinopec Chemical Commercial Holding Company Limited ("**Sinopec**") during the review period, and by the end of 2014, a total of more than 3,300 stores of Sinopec began selling Huiyuan products. Besides, Huiyuan also entered into a framework agreement with Suntory (China) Holding Co., Ltd. in respect of the acquisition of the entire equity interest in Suntory (Shanghai) Foods Co., Ltd. and a 50% equity interest in Suntory (Shanghai) Foods Marketing Co., Ltd.

Huiyuan has built a vertically-integrated business model since the upstream business acquisition in 2013. Such model has ensured the stable supply of raw materials and the quality and safety of Huiyuan products and has made positive contributions to our cost control.

During the review period, the Company has also disposed of Huanggang Huiyuan, to optimize our asset structure. The consideration received from the disposal has been used for general corporate operation and repayment of bank borrowings.

MARKET REVIEW FOR YEAR 2014

Market Review

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

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

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

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

2014	Market Share By Volume (%)	Market Share By Value (%)
100% Juice		
Huiyuan Juice	**56.5**	**49.1**
Second ranked competitor	23.8	27.9
Third ranked competitor	6.4	5.8
Fourth ranked competitor	2.2	2.1
Fifth ranked competitor	1.5	5.2
26%–99% Concentration(Note 1)		
Huiyuan Juice	**42.7**	**34.3**
Second ranked competitor	28	23
Third ranked competitor	5.3	7.0
Fourth ranked competitor	4.5	6.2
Fifth ranked competitor	2.7	2.5
25% or Below Concentration(Note 1)		
First ranked competitor	31.5	32.6
Second ranked competitor	25.3	22.9
Third ranked competitor	21.1	19.0
Fourth ranked competitor	5.6	5.4
Fifth ranked competitor	3.2	3.5
Sixth ranked competitor	2.8	4.7
Huiyuan Juice	**2.1**	**2.0**

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.

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

FINANCIAL REVIEW FOR YEAR 2014

The Board is pleased to present the audited consolidated results of the Group for the year ended 31 December 2014, along with the comparative figures of 2013, as follows:

Consolidated Statement of Comprehensive Income
For the Year ended 31 December 2014

		Year ended 31 December	
		2014	2013
	Note	***RMB'000***	*RMB'000*
Revenue	*4*	**4,592,050**	4,503,885
Cost of sales	*7*	**(2,997,970)**	(3,105,553)
Gross profit		**1,594,080**	1,398,332
Selling and marketing expenses	*7*	**(1,395,694)**	(1,248,886)
Administrative expenses	*7*	**(508,275)**	(413,874)
Other income — net	*5*	**105,102**	337,472
Other gains — net	*6*	**151,004**	425,928
Finance expenses	*8*	**(318,622)**	(230,670)
Finance income	*9*	**28,495**	62,702
Unrealised gain/(loss) on change of fair value of embedded derivatives of convertible bonds	*15*	**308,644**	(4,851)
Loss on early redemption of convertible bonds	*15*	**(65,776)**	—
Share of loss of investments accounted for using the equity method		**(3,343)**	(7,332)
(Loss)/profit before income tax		**(104,385)**	318,821
Income tax expense	*10*	**(22,623)**	(83,392)
(Loss)/profit for the year		**(127,008)**	235,429
(Loss)/profit attributable to:			
Equity holders of the Company		**(126,768)**	228,463
Non-controlling interests		**(240)**	6,966
		(127,008)	235,429
Other comprehensive income for the year, net of tax			
Items that may be reclassified to profit or loss			
Change in fair value of available-for-sale financial assets		**423**	—
Total comprehensive (loss)/income for the year		**(126,585)**	235,429

	Note	Year ended 31 December 2014 RMB'000	2013 RMB'000
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(126,345)**	228,463
Non-controlling interests		**(240)**	6,966
		(126,585)	235,429
(Losses)/earnings per share attributable to the ordinary shareholders of the Company during the year (expressed in RMB cents per share)			
— basic	*11(a)*	**(4.8)**	13.5
— diluted	*11(b)*	**(12.8)**	13.5
(Losses)/earnings per share attributable to the preference shares holders of the Company during the year (expressed in RMB cents per share)			
— basic	*11(a)*	**(4.8)**	13.5
— diluted	*11(b)*	**(12.8)**	13.5

Consolidated balance sheet
As at 31 December 2014

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

		As at 31 December	
		2014	2013
	Note	***RMB'000***	*RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings	*14*	**327,782**	1,837,280
Deferred government grants		**62,202**	92,969
Trade and other payables	*16*	**57,140**	—
Deferred income tax liabilities		**9,247**	9,609
Convertible Bonds	*15*	**860,382**	—
Total non-current liabilities		**1,316,753**	1,939,858
Current liabilities			
Trade and other payables	*16*	**2,020,112**	1,675,734
Convertible Bonds	*15*	**—**	837,576
Taxation payable		**56,910**	76,694
Deferred revenue		**10,609**	10,183
Borrowings	*14*	**3,130,667**	1,948,763
Total current liabilities		**5,218,298**	4,548,950
Total liabilities		**6,535,051**	6,488,808
Total equity and liabilities		**17,134,771**	17,213,320
Net current (liabilities)/assets		**(411,400)**	146,598
Total assets less current liabilities		**11,916,473**	12,664,370

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 December 2014

1. General information

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

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

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

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

2. Basis of preparation

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

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2.1 Going concern

As of 31 December 2014, the Group's current liabilities exceeded its current assets by RMB411,400,000. The Group has considered the current economic environment, its ability to generate net cash inflows from its future operating activities, its expected ability to renew short-term borrowings on their maturity dates, its unused bank facilities and other refinance capabilities. After consideration of these factors, the directors believe the Group has the ability to repay its borrowings on their maturity dates or refinance them when they mature during the 12 months period from 31 December 2014. Therefore, these financial statements have been prepared on the going concern basis.

3. Summary of significant accounting policies

(a) New and amended standards adopted by the Group

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

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

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

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

(b) New standards and interpretations not yet adopted

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

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

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

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

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

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

4. Revenue and segment information

Management determines the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions. The executive directors assess the revenue from a perspective of products. The Group's expenses, assets, liabilities and capital expenditure are primarily attributable to the manufacture and sales of juice and other beverage products to external customers, which are considered as one segment. After the completion of the acquisition of puree and concentrated juice business in October 2013, the Group becomes a vertically integrated business with operations along the value chain from fruit processing to sales and marketing of juice and other beverage products. The puree and concentrated business does not have a majority of revenue from external customers, and management determines neither to separately review the performance of the business nor to report the business externally as a business segment. As a result, the puree and concentrated juice business has been combined into the juice and other beverage products segment.

The Group's principal market is the PRC and its sales to overseas customers contributed to less than 10% of the revenues. Also, less than 10% of the Group's total non-current assets are located outside the PRC. Accordingly, no geographical information is presented. Breakdown of revenue by product category is as follows:

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

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

5. Other income — net

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

6. Other gains — net

	2014	2013
	RMB'000	*RMB'000*
Gain on disposal of subsidiaries (Note 20)	**151,004**	425,928

7. Expenses by nature

	2014	2013
	RMB'000	*RMB'000*
Raw materials used in inventories	**2,059,338**	2,298,817
Advertising and other marketing expenses	**823,317**	830,435
Employee benefit expense	**590,224**	402,144
Depreciation of property, plant and equipment	**518,886**	440,746
Transportation and related charges	**220,122**	181,596
Water and electricity	**213,982**	186,665
Impairment loss of inventories	**95,295**	42,327
City construction tax, property tax and other tax surcharges	**91,353**	70,537
Repairs and maintenance	**67,790**	56,103
Impairment loss of long term prepayment	**52,969**	—
Travelling expense	**30,773**	21,222
Office and communication expenses	**29,993**	20,474
Amortization of trade mark, license right, sales distribution networks and customer relationships	**27,033**	20,589
Amortization of prepaid operating lease payments	**25,177**	18,259
Impairment loss of trade and other receivables	**24,502**	74,410
Rental expenses	**18,347**	9,143
Auditors' remuneration	**4,980**	5,439
Transaction costs in relation to business combination	**—**	29,643
Other expenses	**7,858**	59,764
Total cost of sales, selling and marketing and administrative expenses	**4,901,939**	4,768,313

8. Finance expenses

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

9. Finance income

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

10. Income tax expense

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

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

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

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

According to the Corporate Income Tax Law of the PRC as approved by the National People's Congress on 16 March 2007, the profits of the PRC subsidiaries of the Group derived since 1 January 2008 will be subject to withholding tax at rates of 5% or 10% upon the distribution of such profits to foreign investors based in or companies incorporated in Hong Kong, or for other foreign investors respectively. The Group determined that no deferred withholding tax liabilities shall be recognised in respect of the profits of the PRC subsidiaries for the year ended 31 December 2013 and 2014 since the Group plans to reinvest such profits to set up new companies in the PRC and has no plan to distribute such profits in the foreseeable future.

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

11. (Losses)/earnings per share

(a) Basic

On 21 October 2013, the Company issued 655,326,877 convertible preference shares (the "**CPS**") in the aggregate principal amount of HK$3,578,085,000 (equivalent to approximately RMB2,831,338,000). During the year ended 31 December 2014, CPS with carrying value of HK$2,893,800,000 (equivalent to approximately RMB2,289,864,000) had been converted into 530,000,000 ordinary shares of the Company.

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

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

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

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

(b) Diluted

Diluted (losses)/earnings per share is calculated by adjusting the weighted average number of ordinary shares and convertible preference shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company's potentially dilutive ordinary shares comprised shares which may be issued under the 2016 Convertible Bonds, the 2019 Convertible Bonds and share option schemes. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

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

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

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

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

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

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

12. Dividends

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

13. Trade and other receivables — Group

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

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

(a) The majority of the Group's sales are settled in cash or by cheque on delivery of goods, except for a customer on OEM business and sales to selected distributors and supermarkets which are settled within the credit terms as agreed in sales contracts. The majority of customers are with credit terms of 90 to 180 days. Certain customers with long-term relationship are extended preferential credit terms exceeding 180 days. As at 31 December 2014 and 2013, the ageing analysis of trade receivables was as follows:

— Third parties

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

14. Borrowings

	2014	2013
	RMB'000	*RMB'000*
Non-current		
Bank borrowings	**327,782**	1,837,280
Current		
Bank borrowings	**3,130,667**	1,948,763
Total Bank borrowings	**3,458,449**	3,786,043

	2014	2013
	RMB'000	*RMB'000*
Unsecured	**3,458,449**	3,786,043

15. Convertible Bonds – Group and Company

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

(a) The 2016 Convertible Bonds

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

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

(i) Interest rate:

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

(ii) Conversion price:

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

(iii) Maturity

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

(iv) Redemption at the Option of the Company

The Company may:

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

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

(v) Redemption at the Option of the holders

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

(vi) Redemption for Delisting or Change of Control

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

On 29 April 2014, the Company redeemed an aggregate principal amount of US$117,300,000 million of the 2016 Convertible Bonds upon exercise of the redemption option by the bondholders. The difference of RMB65,776,000 between the consideration of US$121,042,000 (103.19% of US$117,300,000, equivalent to approximately RMB745,144,000) and the convertible bonds derecognised of RMB679,368,000 (Note 15(c)) has been recognised as "loss on early redemption of convertible bonds" in the consolidated statement of comprehensive income for the year ended 31 December 2014.

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

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

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

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

(b) The 2019 Convertible Bonds

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

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

(i) Interest rate:

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

(ii) Conversion price:

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

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

(iii) Maturity:

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

(iv) Redemption at the Option of the holders:

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

Convertible bonds issued by the Company that contain both a liability and embedded derivatives are classified separately into these respective items on initial recognition. Conversion rights that will be settled other than by the exchange of a fixed amount of cash or other financial assets for a fixed number of the Company's shares are conversion right derivatives. Redemption rights are also embedded derivatives and accounted together with conversion right as a single derivative. At the date of issue of the 2019 Convertible Bonds, the derivative is recognised at fair value, the host liability is recognised at the residual amount after deducting the fair value of derivatives from the fair value of the 2019 Convertible Bonds as a whole.

In subsequent periods, the liability component of the 2019 Convertible Bonds is carried at amortised cost using the effective interest method. The conversion right derivative is measured at fair value with changes in fair value recognised in the consolidated statement of comprehensive income.

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

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

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

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

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

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

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

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

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

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

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

16. Trade and other payables

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

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

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

17. Contingencies

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

18. Commitments

(a) Capital commitments

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

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

(b) Operating lease commitments

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

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

The Group is the lessee

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

19. Share-based compensation

(a) Share Option Scheme

The share option scheme was approved on 30 January 2007.

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Share Award Scheme

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

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

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

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

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

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

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

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

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

20. Disposal of a subsidiary

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

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

The assets and liabilities arising from the disposal are as follows:

	Carrying value
	RMB'000
Property, plant and equipment	**107,119**
Land use rights	**100,357**
Trade and other receivables	**2,751**
Cash and cash equivalents	**23**
Trade and other payables	**(1,254)**
Carrying value of the subsidiary disposed	**208,996**
Inflow of cash to dispose the subsidiary, net of cash disposed	
Proceeds received in cash	**360,000**
Cash and cash equivalents in the subsidiary disposed	**(23)**
Cash inflow on the disposal during the year	**359,977**

21. Events after the balance sheet date

(a) Business combination after the balance sheet date

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

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

(b) Drawdown of new bank borrowings

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

Financial Review

Overview

The key financial indicators of the Group are as follows:

	Year ended 31 December **2014**	2013	Year-on-year change *(%)*
Income statement items			
(Expressed in RMB'000 unless otherwise stated)			
Sales	**4,592,050**	4,503,885	1.96%
Gross profit	**1,594,080**	1,398,332	14.00%
(Loss)/profit attributable to equity holders	**(126,768)**	228,463	-171.79%
Adjusted (loss)/profit attributable to equity holders	**(293,893)**	330,932	-203.47%
EBITDA	**513,970**	971,234	-47.02%
(Losses)/earnings per share attributable to the ordinary shareholders of the Company during the year			
(expressed in RMB cents per share)			
— basic	**(4.8)**	13.5	
— diluted	**(12.8)**	13.5	
(Losses)/earnings per share attributable to the preference shares holders of the Company during the year			
(expressed in RMB cents per share)			
— basic	**(4.8)**	13.5	
— diluted	**(12.8)**	13.5	
Selected financial ratios			
Gross profit margin *(%)*	**34.7%**	31.0%	
Margin of (loss)/profit attributable to equity holders *(%)*	**-2.8%**	5.1%	
EBITDA margin *(%)*	**11.2%**	21.6%	
Return on equity holders' equity *(%)*	**-1.2%**	2.2%	
Gearing ratio (total debt to equity holders' equity)*(Note 2)*	**41.3%**	43.7%	

Notes:

(1) Please refer to Note 11 to the Consolidated Financial Statements for the calculation of (losses)/earnings per share.

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

Sales

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

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

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

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

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

Cost of Sales

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

Gross profit

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

Other Income

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

Other Gain

Other gain recorded a total gain of RMB151.0 million, which was the disposal gain of Huanggang Huiyuan.

Selling and Marketing Expenses

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

Administrative Expenses

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

Net Finance Income/Cost

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

Income Tax Expense

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

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

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

Liquidity and Capital Resources

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

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

Operating activities

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

Investing activities

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

Financing activities

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

Capital Expenditures

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

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

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

Analysis on Turnover of Inventories and Trade Receivables

The Group's inventories primarily consisted of raw materials (including packaging materials, juice concentrates, purees, sugars and additives) and finished goods (including juices and the beverage products). Raw materials made up the majority of the Group's inventories. Turnover days for raw materials and finished goods decreased/increased from 142 and 12 days, respectively, in 2013 to 126 and 20 days, respectively, in 2014.

Turnover days for trade receivables in 2014 increased to 133 days from 91 days in 2013 primarily due to a 7.6% increase in sales for the second half of 2014 compared to the same period of 2013.

Contingent Liabilities

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

Off-Balance Sheet Transactions

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

Pledge of Assets

As at 31 December 2014, none of the property, plant, equipment and land use right of the Group were pledged to secure bank borrowings.

Capital Leases

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

MARKET RISKS

The operating activities of the Group exposed it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk, cash flow and fair value interest rate risk, and capital risk. Financial risk management was carried out by the group treasury through identifying, evaluating and hedging financial risk.

Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk mainly arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. As at each balance sheet date, substantially all of the Group's borrowings were carried at variable market lending rates.

At 31 December 2014, if interest rates on US dollar-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax loss for the year would have been RMB8.1 million (2013: RMB14.0 million) higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings.

Foreign Exchange Rate Risk

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

As at 31 December 2014, if the RMB strengthened/weakened by 5% against the USD or the Euro with all other variables remaining unchanged, the Group's post-tax loss for 2014 would have been decreased/increased by RMB4.1 million (2013: RMB23.1 million), mainly due to the foreign exchange gains/losses on retranslation of USD-denominated convertible bonds and bank borrowings.

Credit risk

The Group has no significant concentration of credit risk. Most of the Group's sales are settled in cash or by cheque by its customers on delivery of goods, while credit sales are made only to selected customers, including distributors with long-term relationship with the Group and supermarket operators having entered into contracts with the Group with credit terms. The Group assesses the credit quality of its customers by taking into account various factors, including their financial position and previous record, and will monitor the utilization of credit limits on a regular basis. The Group has policies in place to ensure that trade receivables are followed up in a timely manner. The balance of the trade receivables from the five largest customers was RMB575.5 million as at 31 December 2014 (2013: RMB479.5 million), representing 33% of the total balance of trade receivables as at 31 December 2014 (2013: 40%).

EMPLOYEES AND WELFARE CONTRIBUTION

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

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

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

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

The Group invests in continuing education and training programs for its management staff and other employees with a view to constantly upgrading their skills and knowledge. The Group has arranged internal and external vocational training courses for its employees. These training courses cover a broad spectrum, including basic production process and technical skills training and professional development courses for management personnel.

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

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

FUTURE PROSPECTS

Prospects

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

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

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

FINAL DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders who are entitled to attend the forthcoming annual general meeting, the register of members of the Company will be closed from 16 June 2014 to 18 June 2014 (both dates inclusive) during which period no transfer of shares would be registered.

CORPORATE GOVERNANCE CODE

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

The Company has adopted the code provisions (the "**Code Provisions**") set out in the Appendix 14 of the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and has, since 1 April 2012, adopted the revised Code Provisions contained therein as its own code to govern its corporate governance practices. The Board also reviews and monitors the practices of the Company from time to time to maintain and improve a high standard of corporate practice practices. The Company has complied with all Code Provisions in 2014.

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

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

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

The Company also issued an aggregate of 2,000,000 ordinary shares in accordance with its Employees Share Award Scheme during the year.

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

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2014.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 18 June 2015. A notice convening the annual general meeting will be published and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

REVIEW OF FINANCIAL STATEMENTS

The financial management and audit committee of the Board has discussed with the senior management and reviewed the consolidated financial statements of the Group for the year ended 31 December 2014. The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2014 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

By order of the Board
China Huiyuan Juice Group Limited
ZHU Xinli
Chairman

Beijing, 26 March 2015

As at the date of this announcement, the directors of the Company are Mr. ZHU Xinli, Ms. ZHU Shengqin and Mr. CUI Xianguo as executive directors, Mr. Andrew Y. YAN as a non-executive director, Ms. ZHAO Yali, Mr. SONG Quanhou, Mr. LEUNG Man Kit and Mr. ZHAO Chen as independent non-executive directors.

* *For identification purposes only*