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

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

2015 ANNUAL REPORT

About Us

China Huiyuan Juice Group Limited (the "Company", together with its subsidiaries, collectively as the "Group" or "Huiyuan Juice" or "Huiyuan"), a leading vertically-integrated fruit and vegetable juice producer in China, is principally engaged in the production and sales of concentrated juice, puree, fruit juice, fruit and vegetable juice, beverage, water and other drinks. For the time being, the Group's 100% juice and nectars are well recognized in the market. According to the research on Chinese consumer packaged goods sector conducted by Nielsen for 2015, the Group's 100% juice and nectars enjoyed market shares of 59.2% and 41.9%, respectively, each by sales volume.

As at 31 December 2015, the Group had 40 subsidiaries with 13,716 employees. We continue to improve our sales network across the nation in three modes of direct-sales, sales offices and distribution, and to further construct sales channels and expand sales point coverage, such that the Group's products of all categories can penetrate through the whole country.

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

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Corporate Information

Board of Directors

Executive Directors
Mr. ZHU Xinli *(Chairman)*
Ms. ZHU Shengqin
Mr. CUI Xianguo

Non-executive Director
Mr. Andrew Y. YAN

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

Company Secretary
Ms. MOK Ming Wai

Authorized Representatives
Mr. ZHU Xinli
Ms. MOK Ming Wai

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

Remuneration and Nomination Committee
Mr. SONG Quanhou *(Chairman)*
Mr. LEUNG Man Kit
Mr. Andrew Y. YAN

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

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

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

Company Website
www.huiyuan.com.cn

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

Hong Kong Branch Share Registrar and Transfer Office
Computershare Hong Kong Investor
Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

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

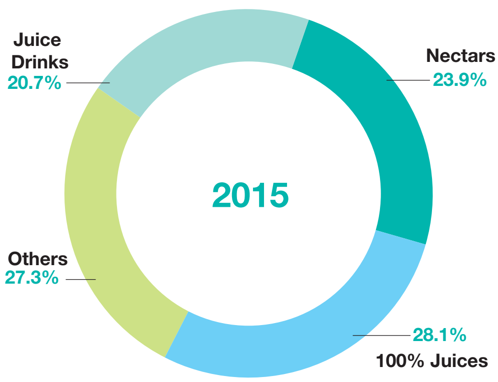
Listing Exchange Information

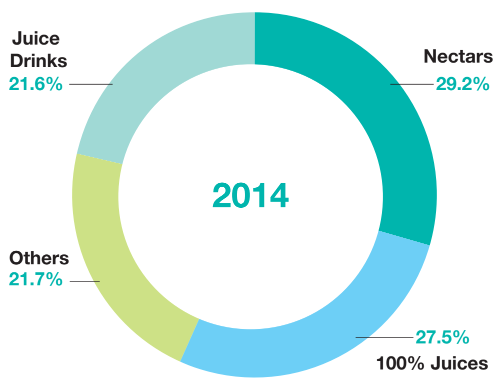
Place of listing:	Main Board of The Stock Exchange of Hong Kong Limited
Stock Code:	1886
Board lot:	500 shares

Principal Bankers
Bank of China

Financial Highlights

Percentage of total sales by product





Comparison of results of 2015 and 2014

	For the year ended 31 December (RMB'000) 2015	2014
Revenue	**5,682,296**	4,592,050
Gross profit	**2,169,342**	1,594,080
Loss attributable to equity holders	**(228,816)**	(126,768)
Adjusted profit/(loss) attributable to equity holders (Note 1)	**211,786**	(287,018)
EBITDA (Note 2)	**1,045,358**	513,970
Loss per share (RMB cents) (Note 3)		
— Basic	**(8.6)**	(4.8)
— Diluted	**(8.6)**	(12.8)
Proposed final dividend per share (RMB cents)	**—**	—

Note 1: The adjusted profit or loss attributable to equity holders excludes interest expense on the convertible bonds, change in fair value of embedded derivatives of the convertible bonds, exchange gain or loss and amortisation of employee share options and share awards.

Note 2: The calculation of EBITDA is profit or loss for the year before income tax expense, finance expenses, finance income, depreciation of property, plant and equipment, amortisation of intangible assets, amortisation of land use rights, change in fair value of embedded derivatives of convertible bonds and loss on early redemption of convertible bonds.

Note 3: Please refer to Note 31 to the Consolidated Financial Statements for the calculation of loss per share.

Financial Highlights (Continued)

Financial ratio

	For the year ended 31 December 2015	2014	Change
Return on equity holders' equity	**-2.2%**	-1.2%	-1.0%
Return on assets	**-1.3%**	-0.7%	-0.6%
Gearing ratio (total debt/equity holders' equity) (Note 1)	**53.9%**	41.3%	+12.6%

Operating ratio (Note 2)

	For the year ended 31 December 2015	2014	Change
Turnover of finished goods	**22 days**	17 days	+5 days
Turnover of raw materials	**102 days**	144 days	-42 days
Turnover of trade receivables	**106 days**	108 days	-2 days
Turnover of trade payables	**130 days**	143 days	-13 days

Note 1: The total debt includes total borrowings of RMB4,411.0 million as at 31 December 2015 (as at 31 December 2014: RMB3,458.4 million) and convertible bonds of RMB1,126.5 million as at 31 December 2015 (as at 31 December 2014: RMB860.4 million).

Note 2: The turnover of finished goods as at 31 December is calculated as the average balance of finished goods as at 1 January and 31 December divided by cost of sales for the year multiplied by 365 days.
The turnover of raw materials as at 31 December is calculated as the average balance of raw materials as at 1 January and 31 December divided by raw materials used for the year multiplied by 365 days.
The turnover of trade receivables as at 31 December is calculated as the total average balance of trade receivables and bills receivable as at 1 January and 31 December divided by revenue for the year multiplied by 365 days.
The turnover of trade payables as at 31 December is calculated as the total average balance of trade payables as at 1 January and 31 December divided by cost of sales for the year multiplied by 365 days.

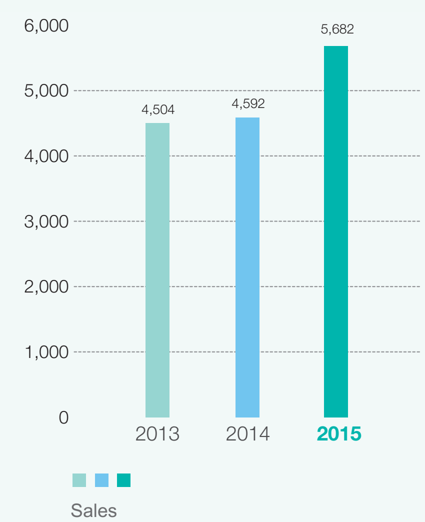
Five-year financial summary

	For the year ended 31 December (RMB million) 2015	2014	2013	2012	2011
Results					
Revenue	**5,682.3**	4,592.1	4,503.9	3,980.8	3,825.6
Gross profit	**2,169.3**	1,594.1	1,398.3	1,115.2	964.3
(Loss)/profit for the year	**-228.8**	-127.0	235.4	16.2	310.5
Gross profit margin	**38.2%**	34.7%	31.0%	28.0%	25.2%
Margin of (loss)/profit attributable to equity holders	**-4.0%**	-2.8%	5.1%	0.4%	8.1%
(Loss)/profit attributable to equity holders of the Company	**-228.8**	-126.8	228.5	16.2	310.5

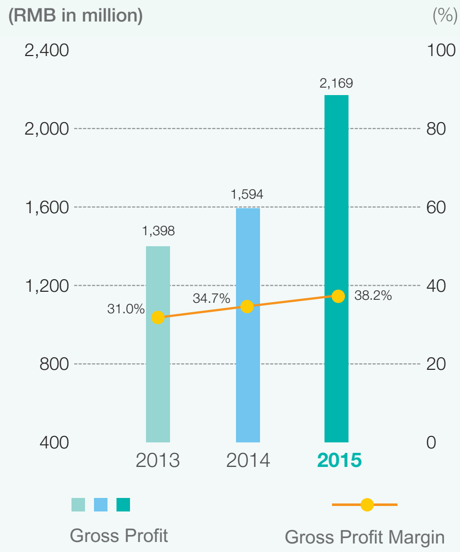
	As at 31 December (RMB million) 2015	2014	2013	2012	2011
Assets, liabilities and equity					
Total assets	**18,084.0**	17,134.8	17,213.3	11,159.4	10,046.3
Total liabilities	**7,662.1**	6,535.1	6,488.8	5,873.2	4,770.4
Equity attributable to equity holders of the Company	**10,280.2**	10,458.0	10,576.5	5,286.2	5,275.9
Non-controlling interests in equity	**141.7**	141.7	148.0	—	—

Financial Highlights (Continued)

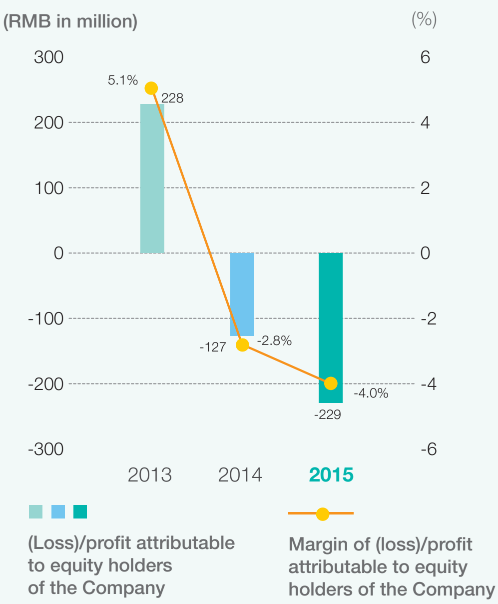
Sales



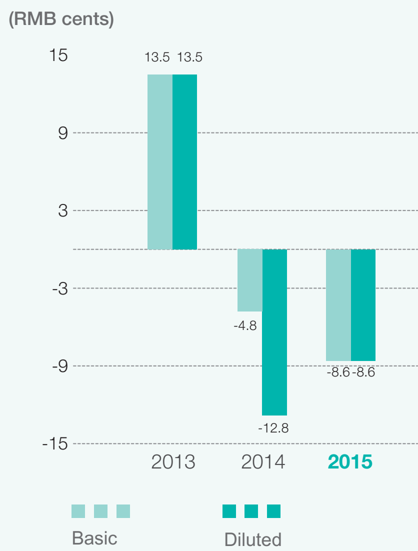
Gross Profit



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



(Loss)/earnings per share



Chairman's Statement

Macroeconomic Environment

In 2015, despite the global economy having experienced the slowest growth in six years, the national economy had maintained a steady development in general, where consumption became the top driving force of economic growth. During the year, the government continued to introduce and amend various laws and regulations related to food safety. "Nutrition, natural, healthy and no additive" has become the theme for the entire industry.

Corporate Mission and Value

With a good brand reputation and a complete vertically integrated industrial chain covering upstream and downstream, as well as being highly attentive to food safety, the Company is always on a mission to "benefit the agricultural industry, the peasants and the rural areas while nourishing the public". The Company purchases quality raw materials and employs advanced production technology to produce healthy and nutritious fruit and vegetable juice, which develops and pioneers millions of Chinese consumers to pick up the healthy habit of drinking fruit juice. Amid the prosperous mainland consumption market under the support of the government, the Company will adhere to its original mission while continuing to introduce new products and manufacture new nutritious products with good taste and fit for all.

Huiyuan Juice Brings You Health Everyday

ZHU Xinli
Chairman

Major Events

In 2015, adhering to the principle of "delegating the power, specifying the responsibility and focusing on the key points", the Group continued to reform and innovate.

On 1 January 2015, the Group's acquisition of the entire equity interest in Suntory (Shanghai) Foods Co., Ltd. and 50% of the equity interest in Suntory (Shanghai) Foods Marketing Co., Ltd. was completed, with the business customers successfully transferred and a smooth transition of business operation during the year. On 26 November 2015, the Company completed its issuance of 14,117,705 new Ordinary Shares to Suntory Holdings Limited ("Suntory"). Upon completion of the subscription, Suntory became a shareholder of the Company, holding approximately 0.55% of the Company's ordinary shares in issue.

On 30 June 2015, Luzhong Huiyuan Food & Beverage Co., Ltd., a subsidiary of the Company, disposed its nine subsidiaries to Beijing Founder Fubon Financing Asset Management Co. Ltd. for RMB1.812 billion. The disposal was conducted with a view to optimise the asset structure and to enhance the overall operation efficiency, the utilisation of production capacity as well as the financial structure of the Group.

During the year, the Company received a number of awards and honors. During various influential events, the Company was awarded major awards and honors such as the "Leading Brand of 100% Pure Juice in 2015", "Ten Green Food and Beverage Brands in 2015", "Consumers' Favorite Food Brand in 2015", "The Most Influential Leading Brand of China in 2015" and "The Most Influential Ten Brands of the Seventh Beijing Influence". Certain products of the Company also obtained great achievements during the year. "Xiqing" juice was awarded the "Leading Product of China's Festive Industry" on 27 October 2015; the Company's not-from-concentrate juice ("Xian Zha Fang") and concentrated juice ("Fruit 100 Series") officially entered the first class and business class cabins and the VIP rooms of China Southern Airlines on 31 December 2015. Since then, travellers can enjoy the tasty fruit juice while enjoying the panoramic view over ten thousand feet in the air.

Operation Results

The Company's results continued to maintain growth in 2015, which is faster than the overall growth of the juice market. For the year ended 31 December 2015, the annual revenue reached RMB5,682 million, representing an increase of 23.7% as compared with 2014. Meanwhile, sales of 100% juice amounted to RMB1,598 million, representing an increase of 26.7% as compared with 2014. Sales of juice drinks amounted to RMB1,175 million, representing an increase of 18.7% as compared with 2014. Benefited from the continuous increase of sales revenue and constant improvement of product structure, the Company's gross profit margin increased from 34.7% in 2014 to 38.2% in 2015, which ensured a rapid and steady development of the Company.

Market and Product

The Company has been focusing on the fruit and vegetable juice industry since its establishment, and had always been a leading brand of China's juice industry. According to Nielsen Marketing Research in China, in terms of sales amount, the market shares of 100% juices and nectars of the Company were 59.2% and 41.9%, respectively, being top in market shares for nine consecutive years.

In order to consolidate its leading position in the 100% juice and nectar market, the Company introduced the new NFC (not-from-concentrate) juice product "Xian Zha Fang" and the cold-chain juice "Fruit 100" during the year, and pioneered the consumption trend in the juice industry. In terms of juice drink, the Company continued to introduce new products with differentiated flavors to accommodate the rapid changing demand of the consumers and the consumption trend in pursuit of healthy and nutritious products.

Chain of Distribution and Supply

In 2015, the Company's sales system was gradually improved. Facilities in sales offices have undergone continuous improvement. By the end of the year, there were over 1,200 sales offices, covering over 90% of prefecture-level cities and over 50% of county-level cities. The effectiveness of distributors had been improving, and there were over 3,000 clients under cooperation arrangement. Direct-operated branches grew rapidly, and recorded more than 30% growth in sales as compared with the same period in 2014. Besides, the Company proactively carried out the development and application of new channel models, and used the internet to enhance communication and interaction with end consumers, thus ensuring effective services to the "last mile".

During the year, the Company and Sinopec Chemical Commercial Holding Company Limited began more detailed cooperation. As at the end of 2015, the Company's products were sold in more than 17,400 stores in the Easy Joy. Through the nationwide convenience stores network of Sinopec Chemical Commercial Holding Company Limited, the Company will be able to further enhance the penetration power of its products to the end market and strengthen its capability to offer convenience services to consumers.

Prospects

Looking ahead to 2016, the Chinese economy is facing a lot of challenges. China's supply side reform policies will impose higher requirements on product quality and innovation ability of enterprises. According to statistics on the domestic and foreign beverage industry, the China beverage market in the forthcoming year is expected to remain in a tough period. However, given domestic consumption plays an increasingly important supporting role to the Chinese economy and the number of young consumers is constantly increasing, it is expected that total consumption of the industry will continue to rise. With the upgrading of consumption structure and the concept of "natural, healthy and no additive" being supported by the state, there is immense potential for the development of health products. In view of the foregoing, we are optimistic about the future development of the 100% juice market.

Under such circumstances, the Company will further implement and upgrade its strategies in order to accommodate the rapid and healthy development of the consumption market in China. Firstly, we will remain focused on our core business, consolidate our leading position in the 100% juice market, pioneer consumption trend in the industry by introducing innovative products and interact with consumers. Secondly, we will enhance lean production through professional and informational management and control to guarantee product quality. Thirdly, we will broaden sales network through various channels, enter into international business cooperation in all aspects, and upgrade marketing campaigns with the use of Internet+. Finally, we will proactively carry out our social responsibility, serving the consumers and the society while increasing our brand's recognition. In the coming year, the Company will maximize our corporate value and bring about stable and long-term returns to our shareholders.

Management Discussion and Analysis

MARKET REVIEW FOR YEAR 2015

Market Review

The growth of market sales was relatively fast in 2015. The gross domestic product (GDP) for the year amounted to RMB67.67 trillion, representing an increase of 6.9% as compared with the same period in 2014. The proportion of services in the GDP was increased to 50.5%, constituting one half of the GDP for the first time. China's total retail amount of social consumer goods was RMB30.1 trillion. Consumption contributed to 66.4% of economic growth, representing an increase of 15.4% as compared with 2014, becoming the top driving force of economic growth. China has successfully accomplished the major transition from economic growth which is driven by investment and foreign trade to economic growth which is now primarily driven by domestic demand, especially consumption.

In 2015, the income of citizens increased steadily. The per capita disposable income for the year amounted to RMB21,966, representing a nominal growth of 8.9% as compared with 2014, which is faster than the economic growth. China's per capita consumer spending of citizens increased by 8.4%. The citizen consumer prices for the year increased by 1.4% as compared with 2014. China's internet sales amount for the year increased by 33.3% as compared with 2014, representing 10.8% of the total retail amount of social consumer products. Under the principle "to encourage business start-up and drive innovation", the employment rate remains stable. Income of citizens and consumption capacity increased constantly and gradually; the social security system continues to develop, and the internet has affected the social consumption behaviors; these altogether become sustainable forces to support steady growth of consumption in China.

In 2015, China continued to improve laws and regulations related to food safety. During the year, China implemented a series of laws and regulations related to food safety. On 11 March 2015, China Food and Drug Administration promulgated the Administrative Measures for Food Recalls. On 24 May 2015, Chinese Standards for Food Additives was implemented. On 2 October 2015, the Food Safety Law of the People's Republic of China was implemented, which is the strictest law related to food safety implemented to date. "Nourishment, natural, healthy and no additive" has become the theme for the entire industry. Implementation of the "healthy China" policy has led to rational consumption in the market which draws the layout for the food and beverage industry.

With a long history of development and a good brand reputation, the Company has integrated its upstream and downstream industrial chains and paid close attention to food safety. This will further solidify its leading role in the juice industry.

According to Nielsen, the Company maintained its market leading position in terms of market share with 59.2% in 100% juice and 41.9% in nectars by sales volume in China.

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 2015.

	Market Share	
	By Volume	By Value
2015	(%)	(%)
100% Juice		
Huiyuan Juice	**59.2**	**48.6**
Second ranked competitor	24.5	30.5
Third ranked competitor	4.8	4.7
Fourth ranked competitor	1.3	1.4
Fifth ranked competitor	1.1	4.2
26%–99% Concentration (Note 1)		
Huiyuan Juice	**41.9**	**31.8**
Second ranked competitor	24.1	19.9
Third ranked competitor	6.7	8.5
Fourth ranked competitor	3.8	5.3
Fifth ranked competitor	2.6	2.2
25% or Below Concentration (Note 1)		
First ranked competitor	**32.3**	**32.3**
Second ranked competitor	23.6	22.9
Third ranked competitor	22.3	19.2
Fourth ranked competitor	4.8	4.6
Fifth ranked competitor	3.9	6.4
Huiyuan Juice	**3.1**	**3.0**

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."

BUSINESS REVIEW

For details of our business review, please refer to the Chairman's Statement on pages 6 to 9.

Financial Review

Overview

The key financial indicators of the Group are as follows:

	Year ended 31 December 2015	2014	Year-on-year change (%)
Income statement items			
(Expressed in RMB'000 unless otherwise stated)			
Sales	**5,682,296**	4,592,050	23.7%
Gross profit	**2,169,342**	1,594,080	36.1%
Loss attributable to equity holders	**(228,816)**	(126,768)	80.5%
Adjusted profit/(loss) attributable to equity holders	**211,786**	(287,018)	-173.8%
EBITDA	**1,045,358**	513,970	103.4%
Loss per share attributable to the ordinary shareholders of the Company during the year			
(expressed in RMB cents per share)			
— basic	**(8.6)**	(4.8)	
— diluted	**(8.6)**	(12.8)	
Loss per share attributable to the preference shares holders of the Company during the year			
(expressed in RMB cents per share)			
— basic	**(8.6)**	(4.8)	
— diluted	**(8.6)**	(12.8)	
Selected financial ratios			
Gross profit margin (%)	**38.2%**	34.7%	
Margin of loss attributable to equity holders (%)	**-4.0%**	-2.8%	
EBITDA margin (%)	**18.4%**	11.2%	
Return on equity holders' equity (%)	**-2.2%**	-1.2%	
Gearing ratio (total debt to equity holders' equity)(Note 2)	**53.9%**	41.3%	

Notes:

(1) Please refer to Note 31 to the Consolidated Financial Statements for the calculation of loss per share.

(2) The gearing ratio is calculated by dividing the total debt by equity holders' equity as at 31 December 2015.

Sales

Sales of the Group's products, comprising 100% fruit juices, nectars, juice drinks, and other beverage products, increased by 23.7% from RMB4,592.1 million in 2014 to RMB5,682.3 million in 2015.

Sales of 100% fruit juices accounted for 28.1% of the Group's total sales in 2015. Sales of 100% fruit juices increased by 26.7% from RMB1,261.3 million in 2014 to RMB1,598.1 million in 2015, primarily due to a 66.4% increase in sales volume.

Sales of nectars accounted for 23.9% of the Group's total sales. Compared to the previous year, sales of nectars increased by 0.9% from RMB1,342.9 million in 2014 to RMB1,355.6 million in 2015, primarily because the volume of nectars increased by 21.4%.

Sales of juice drinks, which accounted for 20.7% of the Group's total sales, increased by 18.7% from RMB989.7 million in 2014 to RMB1,174.5 million in 2015, primarily due to a 48.4% increase in sales volume.

The sales of other beverage products increased by 55.7% from RMB998.2 million in 2014 to RMB1,554.2 million in 2015, primarily due to a 80.8% increase in sales volume, including bottled water and Suntory products.

Cost of Sales

Cost of sales increased by 17.2% from RMB2,998.0 million in 2014 to RMB3,513.0 million in 2015. Total sales volume increased by 56.8% from 2014 to 2015. Our average cost per ton decreased by 25.2% due to the increased sales of other beverage products.

Gross profit

Gross profit increased by 36.1% from RMB1,594.1 million in 2014 to RMB2,169.3 million in 2015. Gross profit margin increased by 3.5 percentage points from 34.7% in 2014 to 38.2% in 2015. The increase in gross profit margin was primarily attributable to diluted depreciation due to higher sales and a better product mix.

Other Income

Other income increased by 105.1% from RMB105.1 million in 2014 to RMB215.5 million in 2015. The increase of other income was primarily due to the increase of government subsidy income and net income from sales of materials and scrap.

Other Gain

Other gain recorded a total gain of RMB302.7 million, which was the gain on disposal of nine subsidiaries of the Group.

Selling and Marketing Expenses

Selling and marketing expenses increased by 29.9% from RMB1,395.7 million in 2014 to RMB1,812.3 million in 2015, mainly due to an increase in employee benefit expenses.

Administrative Expenses

Administrative expenses decreased by 26.2% from RMB508.3 million in 2014 to RMB375.1 million in 2015. The administrative expenses as a percentage of revenue decreased from 11.1% in 2014 to 6.6% in 2015. The decrease of the administrative expenses was primarily due to the decrease of impairments loss of trade and other receivables and long-term prepayment.

Net Finance Income/Cost

The Group recorded a net finance cost of RMB530.6 million in 2015 as compared with RMB290.1 million in 2014. The increase in net finance cost is mainly due to the exchange loss on borrowings (including corporate bond and finance lease liabilities) and convertible bonds.

Income Tax Expense

During the year ended 31 December 2015, the Company recorded an income tax expense of RMB112.9 million as compared to an income tax expense of RMB22.6 million in 2014. The increase in income tax expense was mainly due to the income tax for the gain on disposal of nine subsidiaries of the Group.

Loss Attributable to Equity Holders of the Company

As a result of the foregoing, the loss attributable to the equity holders of the Company for 2015 was RMB228.8 million, compared to RMB126.8 million in 2014. The adjusted profit attributable to the equity holders of the Company for 2015 was RMB211.8 million, compared to a loss of RMB287.0 million recorded for 2014.

Liquidity and Capital Resources

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

As at 31 December 2015, the Group had total outstanding borrowings (including corporate bond and finance lease liabilities) of RMB4,411.0 million and total outstanding convertible bonds of RMB1,126.5 million, while the outstanding borrowings and outstanding convertible bonds in 2014 were RMB3,458.4 million and RMB860.4 million, respectively. The Group's gearing ratio (total borrowings including convertible bonds to equity holders' equity) as at 31 December 2015 was 53.9%, representing an increase of 12.6 percentage points as compared to 41.3% as at 31 December 2014.

Operating activities

Net cash generated from operating activities was RMB374.5 million in 2015, while the Group's loss for the year was RMB228.8 million. The difference of RMB603.3 million was primarily due to the depreciation of property, plant and equipment of RMB489.7 million, the unrealised loss of change in fair value of embedded derivatives of convertible bonds of RMB92.3 million and the exchange loss of RMB240.0 million, which was partially offset by the gain on disposal of nine subsidiaries of the Group of RMB302.7 million.

Investing activities

Net cash generated from investing activities in 2015 was RMB63.2 million as compared to net cash used in investing activities of RMB173.2 million in 2014, mainly due to the proceeds from disposal of nine subsidiaries of the Group which is partially offset by the increase in purchase of property, plant and equipment and the increase in restricted cash and short-term bank deposit.

Financing activities

Net cash generated from financing activities in 2015 was RMB487.1 million as compared to net cash used in financing activities of RMB113.1 million in 2014, mainly due to the proceeds from issuance of corporate bond.

Capital Expenditures

Capital expenditures primarily comprised purchase of property, plant and equipment, and land use rights. The Group's annual total capital expenditures in 2015 increased significantly compared to the previous year. During the year ended 31 December 2015, the Group spent RMB818.8 million on the purchase of property, plant and equipment and RMB26.2 million on the purchase of land use rights.

As at 31 December 2015, the Group had capital commitments of RMB241.2 million for the purchase of property, plant and equipment.

The Group expects that its capital expenditures in 2016 will be reduced compared with 2015. In 2016, the Group plans to finance its capital expenditure requirements primarily with cash generated from its operations as well as borrowings.

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 144 and 17 days, respectively, in 2014 to 102 and 22 days, respectively, in 2015.

Turnover days for trade receivables in 2015 decreased to 106 days from 108 days in 2014 primarily due to a 23.7% increase in revenue.

Contingent Liabilities

As at 31 December 2015, the Group did not have any material contingent liabilities.

Off-Balance Sheet Transactions

As at 31 December 2015, the Group had not entered into any off balance sheet transactions.

Pledge of Assets

As at 31 December 2015, none of the property, plant, equipment and land use right of the Group were pledged as securities for bank borrowings.

Capital Leases

During the year ended 31 December 2015, the Group has entered into certain finance lease arrangements on property, plant and equipment with third parties. As at 31 December 2015, the Group had finance lease liabilities with present value of RMB256.4 million and undiscounted contractual amount of RMB302.0 million, respectively.

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.

As at 31 December 2015, if interest rates on borrowings (including corporate bond and finance lease liabilities) and convertible bonds denominated in USD and Euro had been 1% higher/lower with all other variables held constant, post-tax loss for the year would have been RMB34.7 million (2014: RMB14.5 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 USD and Euro. The Group is also exposed to foreign currency exchange risk arising from the bank deposits, convertible bonds and borrowings (including corporate bond and finance lease liabilities) denominated in USD and Euro. The Group did not use forward contract/derivative instruments in 2015 but may use them from time to time to hedge against certain material foreign exchange exposures.

As at 31 December 2015, if RMB strengthened/weakened by 5% against USD and Euro with all other variables remaining unchanged, the Group's post-tax loss for 2015 would have been decreased/increased by RMB254.5 million (2014: RMB113.7 million), mainly due to the foreign exchange gains/losses on retranslation of convertible bonds and borrowings (including corporate bond and finance lease liabilities) denominated in USD and Euro.

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 RMB218.4 million as at 31 December 2015 (2014: RMB575.5 million), representing 12% of the total balance of trade receivables as at 31 December 2015 (2014: 33%).

EMPLOYEES AND WELFARE CONTRIBUTION

As at 31 December 2015, the Group had 13,716 employees (2014: 17,736 employees). The employees' remuneration packages are determined with reference to their experience and qualifications and general market conditions.

As at 31 December 2015, the Group's employees' deployment by function was as follows:

Functions	
Production	2,036
Sales and Marketing	9,222
Management and other administration	1,557
Research and development (including quality assurance)	351
Finance and accounting	473
Purchase and supply	77
Total headcount	13,716

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 share awards 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 and a work-related injury insurance plan for its employees as required by the local government.

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

Report of the Directors

The Board presents this report together with the audited consolidated financial statements of the Group for the year ended 31 December 2015.

Principal activities

The Company was incorporated in the Cayman Islands on 14 September 2006 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company is an investment holding company. The Company's principal subsidiaries are primarily engaged in the manufacturing and sales of juice products, fruit juice concentrates and purees. Details of the activities of the subsidiaries of the Group are set out in note 10 to the consolidated financial statements on pages 100 to 102 of this annual report.

Results and dividends

The consolidated results of the Group for the year ended 31 December 2015 are set out on page 63 of this annual report. The Board has resolved not to recommend payment of final dividend for the year ended 31 December 2015.

Business review

Please refer to the Chairman's Statement on pages 6 to 9 of this annual report.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group include industry risks, business risks and market risks, etc.

Industry risks

The nature of the Company's operations dictates that it operates within the boundaries of and must comply with environmental protection laws and regulations of the PRC. Under these laws and regulations, any company whose operation results in environmental pollution must take effective measures in controlling and properly handling waste gas, waste water, industrial waste, dust, and other environmentally harmful substances that result from its business operation. Companies releasing pollutant into the environment are charged a sewage tariff. Any company that causes environmental pollution will be fined and, depending on the seriousness of the offense, may be required by the Chinese government to suspend or shut down its operations. The Company cannot guarantee that the Chinese government will not modify the current laws and regulations, and cannot guarantee that the government will not implement new, stricter laws and regulations in the future. Should that be the case, complying with such laws and regulations may result in considerable capital expenditures afforded by the Company, and the Company may not be able to pass these expenditures on to its customers.

Changes in the current food safety laws implemented by the Chinese government might result in additional costs to the Company outside of its normal operations. These additional costs incurred as the result of complying with stricter laws and regulations might impact the Company's financial situation negatively.

Domestic beverage manufacturers are required to comply with Chinese food safety laws and regulations. Any company and its management might face fines, operation suspension, losing sanitary license, even criminal charges as the result of breaching these laws and regulations. The Company has strictly abided by the food safety laws and regulations currently in force, and has always done so in the past with records to match. However, should the Chinese government tighten the laws and regulations in this area, it may result in additional manufacturing and distribution costs to the Company.

Consumer preferences and the change in consumer behavior patterns might result in negative impacts to the Company.

The Chinese beverage industry is affected by the preference, senses and spending habits of consumers. If the consumers' preference, senses and spending habits change, it might result in the decline of the consumption of the Company's juice and other products. Therefore, the Company's performance to a certain extent depends on whether the Company is able to predict the shift in consumer preferences, and act accordingly by implementing counter measures in a timely manner so as to meet newly risen consumer demand with new products and services.

Business risks

The company relies on distributors to a degree. Should the distributors delay in shipping/handling of products and/or payment, or fail to operate according to protocol, it might cause disruption in sales performance or even damage to the Company's reputation.

The majority of the Company's products (over 50%) are sold and delivered through distributors. If unforeseeable circumstances were to occur, these distributors might temporarily cease to provide distribution service for the Company, resulting in the interruption of supply of products to the retailers.

The Company's operational performance might be affected by seasonal factors and experience fluctuations as a result.

Seasonal factors affect the Company's sales performance. Generally speaking, the Company's sales peak in public holidays (Chinese New Year, New Year, National Day, Mid-autumn Festival, etc.) and the months they fall into. The Company's performance also fluctuates according to season. Though sales and general performance could also be affected by unforeseeable events, such as weather or climate changes, interruption of production, etc.

Should there be lawsuits, complaints, claims, and negative publicity against the Company's products, the Company's operation and reputation may be affected.

As a beverage manufacturer, there is the possibility that consumers may suffer harm as a result of consuming the Company's products, for example, if these products were to be tainted, put in additives, or contaminated in other ways by a third party, or should the products be tempered with in other ways during the purchase, manufacture, transportation, and storage process by external contaminants, pollutants, chemicals or impurities. The Company possesses relatively comprehensive quality control systems, and at the same time operates under government supervision. However, the Company cannot avoid being directed by lawsuits, complaints, and claims due to consumers being harmed, and could be charged with paying the corresponding legal compensation.

Please refer to "Management Discussion and Analysis" on pages 10 to 19 of this annual report for a discussion of the market risks facing the Group, including interest risk, foreign exchange risk, credit risk, etc.

Environmental policies and performance

The Group adheres to environmental sustainability throughout its business operations. As a responsible corporation, we strive to ensure minimal environmental impacts by carefully managing our energy consumption and waste production. The Group promotes environmental protection by raising employees' awareness of resources saving and efficient use of energy.

Compliance with laws and regulations

The Board places emphasis on the Group's policies and practices on compliance with legal and regulatory requirements. External legal advisers are engaged to ensure transactions and businesses performed by the Group are within the applicable law framework. Updates on applicable laws, rules and regulations are brought to the attention of relevant employees and operation units from time to time. During the year ended 31 December 2015, the Group has complied with the relevant laws and regulations that have a significant impact on the operations of the Group.

Relationship with employees

The Group believes that employees are important assets and their contribution and support are valued at all times. The Group provides competitive remuneration packages to attract and retain employees, and regularly reviews compensation and benefit policies according to industry benchmark, financial results as well as the individual performance of employees. Please refer to the paragraph titled "Employment and emolument policies" of this report for details. The Group also places great emphasis on the training and development of employees. In addition, the Company has adopted the Pre-IPO Share Option Scheme, the Share Option Scheme and the Share Award Schemes as incentives for eligible employees. Details of the schemes are set out under the paragraphs titled "Share Option Schemes" and "Share Award Schemes" of this report.

Relationship with customers and suppliers

The Company believes that maintaining good relationships with customers is one of the key contributors to the Group's success. The Group has established stable long-term relationships with a number of distributors. The Company also closely monitors trends in consumer preference in order to provide consumers with high quality products that appeal to consumers' preference.

The Company believes that it is crucial to foster the development of a strong and loyal base of suppliers which provide the Company with good quality raw materials. The successful relationships the Company has developed with its raw materials suppliers has helped and supported its growth. The Company takes active steps to maintain good cooperative relationships with its raw materials suppliers and to strengthen communication with them to ensure stable and adequate raw material supply to the Group.

Future business developments

Please refer to the Chairman's Statement on pages 6 to 9 of this annual report.

Summary of financial information

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

Share capital

Details of the shares issued in the year ended 31 December 2015 are set out in note 18 to the consolidated financial statements on page 113 of this annual report.

Pre-emptive rights

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

Reserves

As at 31 December 2015, reserves of the Company amounted to RMB1,066,244,000 (2014: RMB1,700,003,000). Details of movements in reserves of the Company during the year are set out in note 38 to the consolidated financial statements.

Directors

The Directors who held office during the year ended 31 December 2015 and up to the date of this report are:

Executive Directors:

Mr. Zhu Xinli *(Chairman)*
Ms. Zhu Shengqin
Mr. Cui Xianguo

Non-executive Director:

Mr. Andrew Y. Yan

Independent non-executive Directors:

Mr. Leung Man Kit
Mr. Song Quanhou
Mr. Zhao Chen[1]
Ms. Zhao Yali
Mr. Wang Wei[1]

Note:

1. Mr. Zhao Chen resigned as an independent non-executive Director effective on 16 September 2015; Mr. Wang Wei was appointed as an independent non-executive Director with effect immediately after Mr. Zhao's departure to fill the vacancy.

In accordance with the Company's articles of association, Mr. Cui Xianguo, Ms. Zhao Yali and Mr. Leung Man Kit will retire from office as Director by rotation at the forthcoming annual general meeting ("AGM") and, being eligible, offer themselves for re-election.

Mr. Wang Wei has been appointed by the Board as an independent non-executive Director on 16 September 2015 and, pursuant to the Company's articles of association, will retire at the forthcoming AGM and, being eligible, offer himself for re-election.

Independence of the independent non-executive Directors

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

Biographical details of the Directors and the senior management

Biographical details of the Directors and the senior management of the Group as at the Latest Practicable Date are set out in the section headed "Directors and Senior Management" on pages 52 to 58 of this annual report.

Directors' service contracts

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

Directors' and controlling shareholder's interests in contracts

Save for the related party transactions of the Group with the companies controlled by Mr. Zhu Xinli, an executive Director, no other Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group for the year ended 31 December 2015.

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

As at 31 December 2015, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares or debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 of the Hong Kong Listing Rules (the "Model Code"), were as follows:

Long positions in the Ordinary Shares of the Company as at 31 December 2015

Name of Director	Personal interest	Family interest	Corporation interest	Other interest	Number of shares	Percentage of the Company's issued share capital
Zhu Xinli	–	–	1,612,016,108[(a)]	–	1,612,016,108[(a)]	63.31%
Andrew Y. Yan	–	–	224,997,501[(b)]	–	224,997,501[(b)]	8.84%
	150,000[(c)]		–		150,000[(c)]	
Leung Man Kit	150,000[(c)]	–	–	–	150,000[(c)]	0.01%
Song Quanhou	150,000[(c)]	–	–	–	150,000[(c)]	0.01%
Zhao Yali	150,000[(c)]	–	–	–	150,000[(c)]	0.01%

Long positions in the underlying Ordinary Shares of the Convertible Preference Shares of the Company as at 31 December 2015

Name of Director	Personal interest	Family interest	Corporation interest	Other interest	Number of shares	Percentage of the Company's issued share capital
Zhu Xinli	–	–	125,326,877[(a)]	–	125,326,877[(a)]	4.92%

Notes:

(a) These shares were beneficially owned by China Huiyuan Holdings, which is indirectly wholly-owned by Mr. Zhu Xinli through Huiyuan Holdings. As Mr. Zhu Xinli is entitled to exercise more than one-third of the voting power at the general meetings of China Huiyuan Holdings, by virtue of the SFO, Mr. Zhu Xinli is deemed to be interested in the Shares held by China Huiyuan Holdings. Mr. Zhu Xinli also serves as a director of China Huiyuan Holdings and Huiyuan Holdings, respectively. On 30 March 2016, 125,326,877 convertible preference shares of the Company held by China Huiyuan Holdings were converted into Ordinary Shares, and accordingly 125,326,877 Ordinary Shares were issued to China Huiyuan Holdings. As at the Latest Practicable Date, Mr. Zhu Xinli is interested in 1,737,342,985 Ordinary Shares by virtue of his interest in China Huiyuan Holdings and Huiyuan Holdings.

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

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

To the best knowledge of the Directors, save as disclosed above, as at 31 December 2015, none of the Directors or chief executives of the Company has or is deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them has taken or is deemed to have taken under the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which will be required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

Directors' rights to acquire shares

Save as disclosed in the paragraph headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" in this report, at no time during the year ended 31 December 2015 or the period following 31 December 2015 up to the date of this report, was the Company or any of its subsidiaries or holding company or any of the subsidiaries of the Company's holding company a party to any arrangement to enable the Directors or the chief executive of the Company or their respective associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors and chief executive, or their spouse and children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during such period.

Share Option Schemes

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

1. Pre-IPO Share Option Scheme

The Company adopted the Pre-IPO Share Option Scheme on 30 January 2007. The purpose of 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.

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

2. Share Option Scheme

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

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

The total number of Shares which may be issued upon exercise of all options to be granted under the 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 Hong Kong Stock Exchange.

The total number of Shares issued and to be issued upon the exercise of the options granted to or to be granted to each eligible person under the Share Option Scheme and any other schemes of the Company or any of its subsidiaries (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue.

The Share Option Scheme will remain in force for a period of ten years from 23 February 2007. The relevant grantees may exercise his/her option in accordance with vesting schedules determined by the Board.

Movement of the options granted under the Share Option Scheme during the year ended 31 December 2015 is as follows:

Name of grantee	Date of grant	Date of expiry	Exercise price per share (HK$)	Number of underlying shares comprised in the outstanding options as at 1 January 2015	Number of underlying shares comprised in the options granted during the year	Number of underlying shares comprised in the options lapsed during the year	Number of underlying shares comprised in the options exercised during the year	Number of underlying shares comprised in the outstanding options as at 31 December 2015
An aggregate of 515 employees	25 February 2008	25 February 2018	6.39	12,752,792	–	(754,292)	–	11,998,500
Andrew Y. Yan	20 March 2014	20 March 2024	6.12	150,000	–	–	–	150,000
Leung Man Kit	20 March 2014	20 March 2024	6.12	150,000	–	–	–	150,000
Song Quanhou	20 March 2014	20 March 2024	6.12	150,000	–	–	–	150,000
Zhao Chen[1]	20 March 2014	20 March 2024	6.12	150,000	–	(150,000)	–	–
Zhao Yali	20 March 2014	20 March 2024	6.12	150,000	–	–	–	150,000
An aggregate of 129 employees	20 March 2014	20 March 2024	6.12	17,930,000	–	(2,700,000)	–	15,230,000
				31,432,792	–	(3,604,292)	–	27,828,500

Note:

1. Mr. Zhao Chen resigned as Director with effect from 16 September 2015.

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

Share Award Schemes

The Company has adopted the Employees Share Award Scheme and the CEO & Directors Share Award Scheme (together the "Share Award Schemes") for the purposes of (a) recognizing the contributions by certain eligible persons and incentivizing them for the continuing operation and development of the Group and (b) attracting suitable personnel for further development of the Group.

Pursuant to the Share Award Schemes, shares will be acquired by an independent trustee at the cost of the Company or shares will be allotted to the independent trustee under the general mandate granted or to be granted by the shareholders of the Company at general meetings from time to time and be held in trust for the awarded persons until the end of each vesting period.

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

The maximum number of Ordinary Shares that may be awarded by the Board pursuant to the CEO & Directors Share Award Scheme and the Employee Share Award Scheme must not, on an aggregate basis, exceed 0.50% of the issued Ordinary Shares in the capital of the Company as at 19 March 2014 (the "Effective Date"), being 10,042,293 Shares.

Unless terminated earlier by the Board in accordance with the terms of the Share Award Schemes, the schemes operate for ten years starting on the Effective Date. No contribution to the trusts will be made by the Company on or after the 10th anniversary of the Effective Date. The Share Award Schemes are operated in parallel with the Company's Share Option Scheme adopted on 30 January 2007.

During the year ended 31 December 2015, no awarded share was granted under the CEO & Directors Share Award Scheme and the Employee Share Award Scheme, respectively.

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

As at 31 December 2015, 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/short positions in the Ordinary Shares of the Company as at 31 December 2015

Name	Number of shares	Percentage of the Company's issued share capital
Mr. Zhu Xinli	1,612,016,108[(a)](L)	63.31%
Huiyuan Holdings	1,612,016,108[(a)](L)	63.31%
China Huiyuan Holdings	1,612,016,108[(a)](L)	63.31%
Sino Fountain Limited	224,997,501[(b)](L)	8.84%
SAIF III GP Capital Ltd.	224,997,501[(b)](L)	8.84%
Mr. Andrew Y. Yan	224,997,501[(b)](L)	8.84%
Temasek Holdings (Private) Limited	219,781,132(L)	8.63%
	219,781,132(S)	8.63%
Ms. Huang Qiongzi	200,000,000[(c)](L)	7.85%
Mr. Lu Zhiqiang	200,000,000[(c)](L)	7.85%
Tohigh Holdings Co., Ltd.* (通海控股有限公司)	200,000,000[(d)](L)	7.85%
Oceanwide Group Co., Ltd.* (泛海集團有限公司)	200,000,000[(e)](L)	7.85%
China Oceanwide Holdings Group Co.,Ltd.* (中國泛海控股集團有限公司)	200,000,000[(f)](L)	7.85%
Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司)	200,000,000[(g)](L)	7.85%
China Oceanwide Group Limited (中泛集團有限公司) (formerly known as Oceanwide Holdings (Hong Kong) Co., Limited (泛海控股（香港）有限公司))	200,000,000[(g)](L)	7.85%
Oceanwide Holdings International Co., Ltd (泛海控股國際有限公司)	200,000,000[(g)](L)	7.85%
China Oceanwide Holdings Limited (中泛控股有限公司)	200,000,000[(h)](L)	7.85%
China Oceanwide International Asset Management Limited (中泛國際資產管理有限公司)	200,000,000[(i)](L)	7.85%

(L) – Long Position; (S) – Short Position

Long positions in the underlying Ordinary Shares of the Convertible Preference Shares of the Company as at 31 December 2015

Name	Number of shares	Percentage of the Company's issued share capital
Mr. Zhu Xinli	125,326,877[a]	4.92%

Notes:

(a) Huiyuan Holdings is wholly-owned by Mr. Zhu Xinli and China Huiyuan Holdings is a wholly-owned subsidiary of Huiyuan Holdings. Each of Mr. Zhu Xinli and Huiyuan Holdings is therefore deemed to be interested in the Shares held by China Huiyuan Holdings. Mr. Zhu Xinli also serves as a director of China Huiyuan Holdings and Huiyuan Holdings, respectively. On 30 March 2016, 125,326,877 convertible preference shares of the Company held by China Huiyuan Holdings were converted into Ordinary Shares, and accordingly 125,326,877 Ordinary Shares were issued to China Huiyuan Holdings. As at the Latest Practicable Date, Mr. Zhu Xinli is interested in 1,737,342,985 Ordinary Shares by virtue of his interest in China Huiyuan Holdings and Huiyuan Holdings.

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

(c) Mr. Lu Zhiqiang and Ms. Huang Qiongzi (spouse of Mr. Lu Zhiqiang) together hold more than one-third of the voting power at general meetings of Tohigh Holdings Co., Ltd.* (通海控股有限公司). By virtue of the SFO, Mr. Lu Zhiqiang and Ms. Huang Qiongzi are deemed to be interested in all the Shares of the Company held by Tohigh Holdings Co., Ltd.* (通海控股有限公司).

(d) Tohigh Holdings Co., Ltd.* (通海控股有限公司) holds the entire issued share capital of Oceanwide Group Co., Ltd.* (泛海集團有限公司). By virtue of the SFO, Tohigh Holdings Co., Ltd.* (通海控股有限公司) is deemed to be interested in all the Shares of the Company held by Oceanwide Group Co., Ltd.* (泛海集團有限公司).

(e) Oceanwide Group Co., Ltd.* (泛海集團有限公司) holds 97.44% interest in the issued share capital of China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司). By virtue of the SFO, Oceanwide Group Co., Ltd.* (泛海集團有限公司) is deemed to be interested in all the Shares of the Company held by China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司).

(f) China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司) directly and indirectly holds 76.39% interest in the issued share capital of Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司). By virtue of the SFO, China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司) is deemed to be interested in all the Shares of the Company held by Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司).

(g) Oceanwide Holdings International Co., Ltd (泛海控股國際有限公司) is a wholly-owned subsidiary of China Oceanwide Group Limited (中泛集團有限公司) (formerly known as Oceanwide Holdings (Hong Kong) Co., Limited (泛海控股 (香港) 有限公司)), which in turn is a wholly-owned subsidiary of Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司). By virtue of the SFO, China Oceanwide Group Limited (中泛集團有限公司) and Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司) are deemed to be interested in all the Shares of the Company held by Oceanwide Holdings International Co., Ltd.

(h) Oceanwide Holdings International Co., Ltd (泛海控股國際有限公司) holds 71.58% interest in the issued share capital of China Oceanwide Holdings Limited (中泛控股有限公司). By virtue of the SFO, Oceanwide Holdings International Co., Ltd (泛海控股國際有限公司) is deemed to be interested in all the Shares of the Company held by China Oceanwide Holdings Limited (中泛控股有限公司).

(i) China Oceanwide International Asset Management Limited (中泛國際資產管理有限公司) is a wholly-owned subsidiary of China Oceanwide Holdings Limited (中泛控股有限公司). By virtue of the SFO, China Oceanwide Holdings Limited (中泛控股有限公司) is deemed to be interested in the 200,000,000 Shares of the Company held by China Oceanwide International Asset Management Limited (中泛國際資產管理有限公司).

Save as disclosed above, as at 31 December 2015, the Directors are not aware of any persons who should be registered an interest or short positions in the Shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

On 21 October 2013, the Company issued 447,322,020 Ordinary Shares and 655,326,877 convertible preference shares as the consideration for the acquisition of juice concentrates and purees production business from the Company's controlling shareholder, China Huiyuan Holdings. The convertible preference shares are convertible into the ordinary shares on a 1:1 basis subject to satisfaction of the minimum public float requirements under the Hong Kong Listing Rules. During the year ended 31 December 2015, none of the convertible preference shares was converted or redeemed and as at 31 December 2015, 125,326,877 convertible preference shares remained outstanding. On 30 March 2016, 125,326,877 convertible preference shares were converted into Ordinary Shares. Accordingly, as at the Latest Practicable Date, no convertible preference shares remained outstanding.

In April 2011, the Company issued the convertible bonds due on 29 April 2016 in an aggregate principal amount of US$150,000,000 (the "2016 CB"). During the year ended 31 December 2015, none of the 2016 CB was converted or redeemed and as at 31 December 2015, an aggregate of US$32.70 million of the 2016 CB remained outstanding.

In March 2014, the Company issued the convertible bonds due on 30 April 2019 in an aggregate principal amount of US$150,000,000 (the "2019 CB"). The 2019 CB may be converted during the period up to seven (7) business days before the maturity date, being 30 April 2019, at the initial conversion price of HK$7.00, subject to adjustment by reference to the agreed adjusted EPS of the Company on the relevant conversion date of the 2019 CB, provided always that the conversion price in effect on the relevant conversion date shall not be less than HK$5.30 nor exceed HK$7.00, which is subject to any further adjustment upon the occurrence of certain events as specified in the terms and conditions of the 2019 CB. As a result of the issuance of Shares to Suntory Holdings Limited on 26 November 2015, the conversion price was adjusted to HK$5.2952. During the year ended 31 December 2015, none of the 2019 CB was converted or redeemed and as at 31 December 2015, an aggregate of US$150,000,000 of the 2019 CB remained outstanding.

Save as disclosed above and other than the share option scheme described in the paragraph titled "Share Option Scheme" above and in note 19 to the financial statements, the Company had no outstanding convertible securities, options, warrants or similar rights at 31 December 2015.

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

On 7 July 2015, the Company issued €200 million 1.55% credit enhanced bonds due 2018 (the "Euro Bonds"). During the year ended 31 December 2015, none of the Euro Bonds was redeemed and as at 31 December 2015, an aggregate of €200 million of the Euro Bonds remained outstanding.

On 26 November 2015, the Company issued an aggregate of 14,117,705 new Ordinary Shares to Suntory Holdings Limited, at the issue price of HK$3.28 per Ordinary Share pursuant to the subscription agreement entered into between the Company and Suntory Holdings Limited on 19 November 2015 (the "Share Subscription"). The closing market price of the Ordinary Shares on the Hong Kong Stock Exchange was HK$4.09 on 19 November 2015, being the date of the subscription agreement. The aggregate proceeds from the Share Subscription of HK$46,306,072 (representing an issue price of HK$3.28 per subscription share) has been utilised by the Company as general working capital. The Company believes that the Share Subscription will further strengthen its competitive position in the PRC consumer beverage market and ultimately enhance shareholder value. Details of the Share Subscription have been disclosed in the Company's announcement dated 19 November 2015.

Save as disclosed above and other than the disclosure in the paragraph titled "Convertible Securities, Options, Warrants or Similar Rights" above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

Employment and emolument policies

The Group had 13,716 employees as at 31 December 2015, as compared to 17,736 employees as at 31 December 2014. The emolument policy of the employees of the Group is set up by the Board on the basis of merit, qualifications and competence. The emoluments payable to the directors will depend on their respective contractual terms under their employment contracts or service agreements as approved by the Remuneration and Nomination Committee, having regard to the Company's operating results, individual performance and comparable market statistics. No director should determine his or her own remuneration.

Details of the Directors' benefits and interests are set out in note 39 to the consolidated financial statements on pages 141 to 142 of this annual report.

Details of the emoluments of the five highest paid individuals in the Group are set out in note 27 to the consolidated financial statements on pages 129 to 130 of this annual report.

The Company has also adopted the Pre-IPO Share Option Scheme, the Share Option Scheme and the Share Award Schemes as incentives for Directors and eligible employees. Details of the schemes are set out under the paragraphs titled "Share Option Schemes" and "Share Award Schemes" of this report and in note 19 to the financial statements on pages 114 to 116 of this annual report.

Retirement benefits scheme

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

Major customers and suppliers

During the year ended 31 December 2015, revenue from the Group's five largest customers accounted for less than 30% of the total revenue for the year. Purchases from the Group's five largest suppliers accounted for less than 30% of the total purchases for the year.

Banking facilities and other borrowings

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

- On 11 June 2012, the Company as borrower entered into an agreement (the "2012 First Facility Agreement") with a bank relating to a term loan facility in an aggregate principal amount of US$100,000,000, with the final maturity date on 12 June 2015. This outstanding amount was fully repaid on its maturity date.

- On 29 August 2012, the Company as borrower entered into an agreement (the "2012 Second Facility Agreement) with another bank relating to a three-year term loan facility in an aggregate principal amount of US$93,000,000. This outstanding amount was fully repaid on 29 July 2015.

- On 1 April 2014, the Company entered into a facility agreement (the "2014 First Facility Agreement") with a bank relating to a term loan facility in an aggregate principal amount of US$140,000,000 with a term of three years. This outstanding amount was fully repaid on 30 June 2015.

- On 25 June 2014, the Company as borrower entered into a facility agreement (the "2014 Second Facility Agreement") with a bank relating to a term loan facility in an aggregate principal amount of US$20,000,000 with a term of three years. This outstanding amount was fully repaid on 27 February 2015.

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

- On 26 June 2015, the Company as borrower entered into a facility letter (the "2015 First Facility Letter") with a bank relating to a term loan facility in an aggregate principal amount of US$95,000,000 with a term of one year. This outstanding amount was fully repaid on 10 September 2015.

- On 4 September 2015, the Company as borrower entered into a facility agreement (the "2015 Second Facility Agreement") with certain banks relating to a term loan facility in an aggregate principal amount of US$197,000,000 in respect of the original lenders and not exceeding US$600,000,000 as a result of any additional lenders, with a term of three years.

The 2012 First Facility Agreement, the 2012 Second Facility Agreement, the 2014 First Facility Agreement, the 2014 Second Facility Agreement, the 2014 Third Facility Agreement, the 2015 First Facility Letter and the 2015 Second Facility Agreement are collectively referred to as the "Bank Facility Agreements".

As each of the Bank Facility Agreements contains a condition imposing specific performance obligations on the controlling shareholder of the Company, and breach of such obligation will cause a default under the relevant facility agreement, the Company made an announcement pursuant to the requirements of Rule 13.18 of the Hong Kong Listing Rules on 11 June 2012, 29 August 2012, 1 April 2014, 25 June 2014, 31 December 2014, 29 June 2015 and 4 September 2015, respectively. For details of such obligations, please refer to the aforesaid announcements.

As at 31 December 2015, the outstanding amounts owed by the Company under the 2014 Third Facility Agreement and the 2015 Second Facility Agreement were US$48,000,000 and US$197,000,000, respectively.

Further details of the borrowings of the Group as at 31 December 2015 are set out in note 21 to the consolidated financial statements on pages 118 to 121 of this annual report.

Corporate governance

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

The Company has adopted the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Hong Kong Listing Rules (including the Appendix 14 as then in force, the "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 to maintain and improve a high standard of corporate governance practices.

The Company has complied with the Governance Code for the year ended 31 December 2015. Information on the corporate governance practice adopted by the Company is set out in the Corporate Governance Report on pages 40 to 51 of this annual report.

Model Code for Securities Transactions

The Company has adopted the Model Code as the standards for the Directors' dealings in the securities of the Company. Having made specific enquiry with all the Directors, they have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2015. Details of the Company's compliance with the Model Code are set out in the Corporate Governance Report on pages 40 to 51 of this annual report.

Sufficiency of public float

According to the information that is publicly available to the Company and within the knowledge of the Board, as at 31 December 2015, the Company has maintained sufficient public float as required under the Hong Kong Listing Rules.

Connected transactions

Continuing Connected Transactions

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

During the year ended 31 December 2015, the Group continued to carry out certain non-exempt continuing connected transactions pursuant to the Raw Materials Purchase and Recyclable Containers Sales Agreement (the "2013 Supply and Sale Agreement") which was entered into on 23 May 2013 between the Company and Beijing Huiyuan Beverage & Food Group Co. Ltd. ("Beijing Huiyuan Beverage"), an associate of Mr. Zhu Xinli for the members of the Group to purchase fructose and agricultural products from and to sell used and recyclable containers to Beijing Huiyuan Beverage and its associates. As Mr. Zhu Xinli, being an executive Director and the controlling shareholder of the Company, is a connected person of the Company, the transactions contemplated under the Raw Materials Purchase and Recyclable Containers Sales Agreement constitute continuing connected transactions for the Company subject to reporting, announcement, and annual review requirements under the Hong Kong Listing Rules, but not subject to the independent shareholders' approval requirement.

The aggregate amount of each of the raw materials purchase and the recyclable container sales for the year ended 31 December 2015 and the respective annual caps under the 2013 Supply and Sale Agreement are set out below:

	1 January 2015 to 31 December 2015 Aggregate Amount (RMB'000)	Annual Cap (RMB'000)
Purchase of raw materials	120,984	175,913
Sale of used and recyclable containers	14,035	14,406

(2) *Transportation Service*

On 29 May 2015, 北京滙源食品飲料有限公司 (Beijing Huiyuan Food & Beverage Co., Ltd., "Shunyi Huiyuan"), an indirect wholly-owned subsidiary of the Company, entered into the Transportation Service Agreement with 北京滙源集團（蘇州）兆豐物流有限公司 (Beijing Huiyuan Group (Suzhou) Zhaofeng Logistics Co., Ltd., "Zhaofeng Logistics"), pursuant to which Zhaofeng Logistics agreed to provide transportation services to Shunyi Huiyuan with a maximum transaction amount of RMB190 million for a term of eight (8) months commencing from 1 May 2015 and ending on 31 December 2015.

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

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

The total consideration payable for the transportation services provided by Zhaofeng Logistics during the year ended 31 December 2015 in accordance with the Transportation Services Agreement is RMB148,702,000, which does not exceed the annual cap of RMB190 million which was disclosed in the Company's announcement dated 29 May 2015.

Annual review of continuing connected transactions

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

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

(2) on normal commercial terms; and

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

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

(1) have been approved by the Board;

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

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

(4) have not exceeded the annual caps disclosed in the announcements of the Company dated 23 May 2013 and 29 May 2015.

Related party transactions

During the year ended 31 December 2015, the Group has entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. Details of such related party transactions are set out in note 37 to the consolidated financial statements on pages 138 to 139 of this annual report. These related party transactions included non-exempt continuing connected transactions between the Group and companies controlled by Mr. Zhu Xinli, the Chairman and controlling shareholder of the Company, as disclosed in the paragraph headed "Connected Transactions" in this report.

Non-competition Deed

As disclosed in the Prospectus, the independent non-executive Directors will review, on an annual basis, (i) the compliance by Mr. Zhu Xinli, the controlling shareholder of the Company, and his associates with the non-competition undertakings under the Non-competition Deed (as amended on 23 May 2013); and (ii) all the decisions taken in relation to whether to exercise the options pursuant to the Non-competition Deed and whether to pursue any business opportunities which may be referred or offered to the Company by Mr. Zhu Xinli and his associates pursuant to the Non-competition Deed. The independent non-executive Directors have conducted such review for the year ended 31 December 2015 and are satisfied that the Non-competition Deed has been fully complied with.

Management contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2015.

Financial Management and Audit Committee

The Group's annual report for the year ended 31 December 2015 has been reviewed by the Financial Management and Audit Committee. Information of the work of the Financial Management and Audit Committee and its composition are set out in the Corporate Governance Report on pages 40 to 51 of this annual report.

Auditor

The consolidated financial statements of the Group for the year ended 31 December 2015 have been audited by PricewaterhouseCoopers. A resolution to re-appoint PricewaterhouseCoopers as auditor of the Company will be proposed at the forthcoming AGM.

By order of the Board
Zhu Xinli
Chairman

Beijing, 29 March 2016

Corporate Governance Report

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

The Company has adopted the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Hong Kong Listing Rules (including the Appendix 14 as then in force, the "Governance Code") as its own code to govern its corporate governance practices.

During the year ended 31 December 2015, the Company has complied with the code provisions set out in the Governance Code.

Directors' securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as contained in Appendix 10 of the Hong Kong Listing Rules as the standards for the Directors' dealings in the securities of the Company. Having made specific enquiry with all the Directors, the Company confirms that the Directors have complied with the required standards set out in the Model Code during the year ended 31 December 2015.

Board of Directors

Board responsibilities

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

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

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

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

Board members

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

Executive Directors:
Mr. Zhu Xinli *(Chairman)*
Ms. Zhu Shengqin
Mr. Cui Xianguo

Non-executive Director:
Mr. Andrew Y. Yan

Independent non-executive Directors:
Mr. Leung Man Kit
Mr. Song Quanhou
Ms. Zhao Yali
Mr. Wang Wei[1]

Note:

1. Mr. Wang Wei was appointed as an independent non-executive Director effective on 16 September 2015.

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

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

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

Independent non-executive Directors

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

Appointment, re-election and removal of Directors

All of the non-executive and independent non-executive Directors were appointed for a term of three years, which may be terminated according to the articles of association of the Company and any applicable laws, and subject to retirement by rotation at the annual general meeting ("AGM") of the Company once every three years in accordance with the articles of association. Independent non-executive Directors serving up to the maximum term of nine years is only eligible for reappointment by separate shareholders' resolution.

In accordance with the Company's articles of association, Mr. Cui Xianguo, Ms. Zhao Yali and Mr. Leung Man Kit will retire from office as Director by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

Mr. Wang Wei has been appointed by the Board as an independent non-executive Director on 16 September 2015 and, pursuant to the Company's articles of association, will retire at the forthcoming AGM and, being eligible, offer himself for re-election.

Board meetings

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

Attendance

Code Provision A.1.1 of the Governance Code stipulates that the Board should meet regularly and meetings should be held at least four times a year at approximately quarterly intervals. During the year ended 31 December 2015, the Board convened a total of eight Board meetings, two Remuneration and Nomination Committee meetings, three Financial Management and Audit Committee meetings, and one Strategy and Development Committee meeting, based on the need of the operation and business development of the Company. Besides, the Directors also attended the 2015 AGM to understand the views of the shareholders.

Details of attendance are as follows:

Name	Board meetings	Remuneration and Nomination Committee	Financial Management and Audit Committee	Strategy and Development Committee	2015 AGM
	Board Committee meetings				
	(Number of times of attendance in person/Number of meetings)[1]				
Executive Directors:					
Zhu Xinli *(Chairman of the Board)*	7/8	N/A	N/A	1/1	1
Zhu Shengqin	7/8	N/A	N/A	N/A	1
Cui Xianguo	8/8	N/A	N/A	N/A	1
Non-executive Director:					
Andrew Y. Yan	8/8	2/2	N/A	1/1	1
Independent non-executive Directors:					
Leung Man Kit	8/8	2/2	3/3	N/A	1
Song Quanhou	8/8	2/2	2/3	N/A	1
Zhao Chen[2]	5/8	N/A	2/3	N/A	1
Zhao Yali	7/8	N/A	N/A	1/1	1
Wang Wei[2]	2/8	N/A	1/3	N/A	1

Notes:

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

(2) Mr. Zhao Chen resigned as an independent non-executive Director effective on 16 September 2015; Mr. Wang Wei was appointed as an independent non-executive Director with effect immediately after Mr. Zhao's departure to fill the vacancy.

The Chairman

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

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

During the year ended 31 December 2015, the chairman of the Board has met with the independent non-executive Directors (without the presence of the executive Directors) to discuss, and obtain independent views of, the Board's affairs.

Board Committees

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

Remuneration and Nomination Committee

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

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

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

At the two meetings held during the year ended 31 December 2015, the Remuneration and Nomination Committee has reviewed the Directors' fees in terms of the corporate and individual performance, the employment terms of the senior management team within the Group, and the employee share incentives to be granted.

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

Financial Management and Audit Committee

The Financial Management and Audit Committee currently consists of three independent non-executive Directors, namely Mr. Leung Man Kit, Mr. Song Quanhou and Mr. Wang Wei. Mr. Leung Man Kit, who has the relevant accounting/financial management expertise, is the chairman of the Financial Management and Audit Committee.

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

During the year ended 31 December 2015, the Financial Management and Audit Committee has convened 3 meetings and completed the following major work:

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

(b) reviewed and discussed the audited annual results for the year ended 31 December 2015 and the unaudited interim results for the six months ended 30 June 2015 with the senior management of the Company;

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

(d) supervised the internal audit of the Group;

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

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

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

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

Strategy and Development Committee

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

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

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

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

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

During the one meeting held during the year ended 31 December 2015, the Strategy and Development Committee has reviewed the strategic and development plan of the Group.

Corporate governance functions

The corporate governance functions have been reserved to the Board. During the year ended 31 December 2015, the Board has performed the following work:

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

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

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

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

Training for Directors

The Company has regularly provided the Directors with information of relevant training courses. New Directors, upon appointment, will also be provided with a comprehensive, formal and tailored introduction. The Directors have provided the Company with a record of their training received in 2015. A summary of the Directors' participation in continuous professional training for the year ended 31 December 2015 is as follows:

	Attending briefings/ seminars/conferences	Reading materials/ regulatory updates/ management monthly updates	Paying site visit
Executive Directors			
Zhu Xinli	✓	✓	✓
Zhu Shengqin	✓	✓	✓
Cui Xianguo	✓	✓	✓
Non-executive Director			
Andrew Y. Yan	✓	✓	✓
Independent non-executive Directors			
Leung Man Kit	✓	✓	✓
Song Quanhou	✓	✓	✓
Zhao Chen[1]	✓	✓	✓
Zhao Yali	✓	✓	
Wang Wei[1]	✓	✓	✓

Note:

(1) Mr. Zhao Chen resigned as an independent non-executive Director effective on 16 September 2015; Mr. Wang Wei was appointed as an independent non-executive Director with effect immediately after Mr. Zhao's departure to fill the vacancy.

Supply of and access to information

All Directors have full and timely access to all relevant information as well as advice and services of the company secretary, with a view to ensuring that the meeting procedures of the Board and all applicable rules and regulations are followed. Upon making request to the Board, all Directors may obtain independent professional advice at the Company's expense for carrying out their functions. The chairmen of the Board Committees also regularly report at Board meetings on their recommendations and activities. The external auditor attended the 2015 AGM and will be invited to attend our forthcoming AGM to answer questions about the conduct of the audit, preparation and content of the auditors' reports, accounting policies, and auditors' independence.

The constitutional documents of the Company are available on the Company's website and the Hong Kong Stock Exchange's website. During the year ended 31 December 2015, in connection with the creation of restricted voting convertible preference shares of US$0.00001 each in the share capital of the Company, the memorandum and articles of association of the Company were amended at the extraordinary general meeting held on 5 February 2015. Other than as disclosed above, there is no significant change to the constitutional documents of the Company.

Remuneration of Directors

The remuneration policy of the Directors has been recommended, reviewed and approved by the Remuneration and Nomination Committee of the Company. The emoluments of the Directors who served the Group during the year ended 31 December 2015 has been disclosed in note 39 to the consolidated financial statements on page 141 of this annual report.

Accountability and audit

Auditor's remuneration

The remuneration payable to the Company's auditor, PricewaterhouseCoopers, during the year ended 31 December 2015 in relation to non-audit services and audit services are RMB3,975,000 and RMB4,780,000, respectively.

Directors' responsibilities for financial statements

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

Auditor's statement

The statement of the Company's independent external auditor, PricewaterhouseCoopers, on its reporting responsibilities in respect of the consolidated financial statements of the Group for the year ended 31 December 2015 is set out on pages 59 to 60 of this annual report.

Internal control and risk management

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

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

During the year ended 31 December 2015, the internal audit department has conducted an examination on various material control aspects including financial, operational and compliance controls with the aim of mitigating the overall business and operational risk of the Group. Internal control reports were submitted to the Financial Management and Audit Committee for review and the findings and recommendations were discussed at the committee meetings. Matters including the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and reporting functions were reviewed.

Management Function

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

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

Company Secretary

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

Ms. Mok is a director of KCS Hong Kong Limited and has over 20 years of professional and in-house experience in the company secretarial field. Ms. Mok is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom. She currently acts as the sole company secretary and joint company secretary of various publicly listed companies. Ms. Mok has taken a total of 15 hours of professional training during the year ended 31 December 2015.

Communications with shareholders and investor relations

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

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

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

The 2015 AGM was an important occasion where the Board and the shareholders could communicate directly with each other. The chairman of the Board and the Board Committees and the external auditor were present at the 2015 AGM to communicate with the shareholders. The 2015 AGM circular distributed to all shareholders before the 2015 AGM contained information regarding the proposed resolutions. In addition, the Company has announced its annual and interim results in a timely manner in accordance with the requirements of the Hong Kong Listing Rules.

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

By order of the Board

Zhu Xinli
Chairman

Beijing, 29 March 2016

Directors and Senior Management

Executive Directors

Mr. ZHU Xinli (朱新禮)

aged 64, is an executive director of the Company and the chairman of the Board and the founder of the Group. Mr. Zhu Xinli is responsible for the overall business strategies, investment project decision and setting the development direction. He is the father of Ms. Zhu Shengqin (an executive director of the Group). He has more than 24 years' experience in juice and beverage industry and has more than 30 years' experience in enterprise operation and management. Before the establishment of the Group in 1992, he had worked as the Deputy Director of the Foreign Economic and Trade Department of Yiyuan County, Shandong Province. He is an Executive Deputy Chairman of the Board of the Association of Chinese Beverage Industry and the Deputy Director of its Juice Division. He received the Award for Prominent Contribution to Chinese Beverage Industry in 2003, the honor of National Labor Model in 2005 and the CCTV Annual Economic Figures, Agricultural Figures in China's 30-year Reform and Opening up and Top Ten Outstanding Leaders in Light Industry during 30-year Reform in 2008. He was the Executive Chairman of China Entrepreneur Club in 2013. He has pursued CEO courses in China Europe International Business School, Cheung Kong Graduate School of Business and Stanford College. He has been engaged as a visiting professor by China Agricultural University, Nankai University and the Chinese Academy of Agricultural Sciences since 2001. He was appointed as the chairman of the Broad and a director of the Company in September 2006. Mr. Zhu Xinli is the director and controlling shareholder of China Huiyuan Holdings, the controlling shareholder of the Company.

Ms. ZHU Shengqin (朱聖琴)

aged 39, is an executive director of the Board. She is in charge of the office of the Board, financial market division and international business cooperation division. Ms. Zhu is a daughter of Mr. Zhu Xinli, the chairman and an executive Director of the Company as well as the controlling shareholder of the Company. Since joining the Group in 1996, she has held various positions, including marketing manager, vice general manager of the investment division, director of the office of the Board, leader of operation teams, and a vice president of the Company. Ms. Zhu has led the Company in various significant capital market transactions such as issue of new shares, acquisition of upstream businesses, introduction of strategic investors and listing of the Company. Ms. Zhu also has extensive experience in corporate operation, brand marketing and production management.

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

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

Mr. CUI Xianguo (崔現國)

aged 48, is an executive director of the Board. He is in charge of sales operation. He has 29 years of operational and management experience. Since he joined the Group in May 2002, he has held various managerial positions, including general manager of the Group's production plants, general manager for sales, assistant to the President and vice president of the Company. In addition, Mr. Cui is currently a director of Beijing Huiyuan Group Xianyang Beverage & Food Co., Ltd. (北京滙源集團咸陽飲料食品有限公司), Beijing Huiyuan Group Kaifeng Co., Ltd. (北京滙源集團開封有限公司), Jiangsu Huiyuan Food & Beverage Co., Ltd. (江蘇滙源食品飲料有限公司) and XuRiSheng (Hengshui) Beverage Co., Ltd. (旭日升 (衡水) 飲料有限公司), all of which are an indirect wholly-owned subsidiary of the Company. Mr. Cui graduated from Shandong University in 1986.

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

Non-executive Directors

Mr. Andrew Y. YAN (閻焱)

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

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

Currently, Mr Yan is an Independent Non-executive Director of China Resources Land Ltd (stock code: 01109). CPMC Holdings Ltd (stock code: 00906), Cogobuy Group (stock code: 00400) and China Petroleum & Chemical Corporation (stock code: 00386); Non-executive Director of Digital China Holdings Ltd (stock code: 00861), Guodian Technology & Environment Group Corporation Limited (stock code: 01296) and eSun Holdings Limited (stock code: 00571), all of which are listed on the Main Board of the Hong Kong Stock Exchange. Other than that China Petroleum & Chemical Corporation is also listed on the Shanghai Stock Exchange (stock code: 600028), London Stock Exchange (stock code: SNP) and New York Stock Exchange (stock code: SNP); Mr Yan is also the Independent Director of BlueFocus Communication Group (listed on the ChiNext of the Shenzhen Stock Exchange with stock code 300058), TCL Corporation (listed on the Shenzhen Stock Exchange with stock code 000100) and Sky Solar Holdings Ltd. (listed on NASDAQ with stock code SKYS); and Director of ATA Inc. (listed on NASDAQ with stock code ATAI) and ATA Online (Beijing) Education Technology Co., Ltd (listed on the National Equities Exchange and Quotations System of China (also known as the New Third Board)). In addition, Mr Yan was an Independent Non-executive Director of Fosun International Ltd (listed on the HK Stock Exchange with stock code: 00656) from

March 2007 to September 2014 and China Mengniu Dairy Company Ltd (listed on the HK Stock Exchange with stock code: 02319) from January 2003 to March 2014; a non-executive director of MOBI Development Co., Ltd. (listed on the Hong Kong Stock Exchange with stock code: 00947) from January 2003 to August 2013. Mr Yan was also a non-executive director (from October 2006 to April 2013) and the chairman of the board (from May 2012 to April 2013) of NVC Lighting Holding Limited (listed on the Hong Kong Stock Exchange with stock code: 02222) respectively; a director of Acorn International Inc. (listed on the New York Stock Exchange with stock code: ATV) from December 2006 to December 2014; An Independent Director of Giant interactive Group Inc. (the shares of which were withdrawn from listing on the NASDAQ Stock Market in New York in July 2014) from October 2006 to July 2014. He was the director of China Digital TV Holding Co., Ltd (listed on the New York Stock Exchange with stock code: STV) from November 2013 to Apr 2014; and the director of Eternal Asia Supply Chain Management Ltd. (listed on the Small and Medium Enterprise Board of the Shenzhen Stock Exchange with stock code: 002183) from October 2006 to June 2013. Mr. Yan was appointed as a non-executive director of the Company in July 2010.

Independent Non-executive Directors

Mr. LEUNG Man Kit (梁民傑)

aged 62, is an independent non-executive director of the Company. He obtained a Bachelor's Degree in Social Science from the University of Hong Kong in 1977. Mr. Leung has over 30 years of experience in project finance and corporate finance. Mr. Leung held senior positions with Peregrine Capital (China) Limited, SG Securities (HK) Limited (previously known as Crosby Securities (HongKong) Limited), Swiss Bank Corporation, Hong Kong Branch, and Optima Capital Limited (previously known as Ke Capital (Hong Kong) Limited). Mr. Leung was a director of Emerging Markets Partnership (Hong Kong) Limited which was the principal adviser to the AIG Infrastructure Fund L.P. Mr. Leung has been a Responsible Officer licensed with the Securities and Futures Commission on the regulated activities of Type 6 since December 2004. Mr. Leung was appointed Deputy Chief Executive Officer of Chanceton Capital Partners Limited in March 2011 and was nominated an executive director of Chanceton Financial Group Limited (HKSE stock code: 8020), a company listed on the GEM Board of The Stock Exchange of Hong Kong Limited on 21 September 2011.

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

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

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

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

Mr. SONG Quanhou (宋全厚)

aged 54, is an independent non-executive director of the Company. He holds a Master degree in food engineering from the former China National Academy of Light Industry and Science. He is a professor-grade senior engineer. He currently acts as a deputy director of China National Research Institute of Food and Fermentation Industries (CNRIFFI). He has been actively involved in preparing, implementing and enforcing various nationwide food and beverage quality control and testing standards since 1995 and has extensive knowledge and experience in China's food and beverage industry. He has also been actively involved in or responsible for various research projects in food and beverage quality control and testing sponsored by the PRC government, international organizations or enterprises. He was appointed as an independent non-executive director of the Company in January 2007.

Mr. WANG Wei (王巍)

aged 57, is the founder and chairman of the China Mergers & Acquisitions Association (the "CMAA"), president of the Chinese Museum of Finance (the "CMF") and chairman of the China M&A Group. Mr. Wang had served as an independent non-executive director of China Everbright Bank Company Limited, a company listed on the Hong Kong Stock Exchange (stock code: 6818) from May 2008 to January 2014. He has been an independent non-executive director of Credit China Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 8207) since July 2014, an independent director of Shanghai Chengtou Holding Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600649) since May 2011, Lifan Industry (Group) Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 601777) since December 2010 and Hua Yuan Property Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600743) since November 2014. He has been an independent non-executive director of Guolian Securities Co., Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 1456) since March 2015 and an independent director of Neusoft Corporation (a company listed on the Shanghai Stock Exchange, stock code: 600718) since June 2015. Mr. Wang obtained a master's degree in economics from People's Bank of China Institute of Finance in July 1985. Mr. Wang received his PH.D. in economics from Fordham University in the United States in May 1992. He founded the CMAA in September 2004 and the CMF in June 2010. Mr. Wang was selected as a member of the Shanghai Stock Exchange Corporate Governance Advisory Committee in September 2007. Mr. Wang has been named as "Top Five Chinese Investment Bankers" by *Talent Magazine* in 2003, "the Most Influential Independent Director" by the *Board Magazine* in 2006 and "the Most Influential Investment Banker" by *China Finance Network in 2006*. Mr.Wang received the 2012 Lifetime Achievement Award by the M&A Advisor in New York, 2013 Social Innovation Award by *The Wall Street Journal* and others.

Mr. Wang was appointed as an independent non-executive director of the Company on 16 September 2015.

Ms. ZHAO Yali (趙亞利)

aged 58, is an independent non-executive director of the Company. She holds a Bachelor degree from Tianjin Light Industry College and is a professor-grade senior engineer. She is the head and executive committee member of China Light Industry Federation. Her current titles in various associations include the chairman of China Beverage Industry Association and the chairman of its juice sub-committee, the member of Examination Committee on National Standards of Food Safety Examination Committee and the chairman of Technical Committee on Beverage of Standardization Administration of China. In addition, she was an independent director of Guotou Zhonglu Juice Corporation, a company listed on the Shanghai Stock Exchange. She was appointed as an independent non-executive director of the Company in September 2006.

Senior Management

Mr. Zhu Xinli (朱新禮)

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

Ms. Yu Hongli (于洪莉)

Aged 47, is the Chief Executive Officer of the Company and has more than 20 years of experience in management and juice and beverage production, sales and marketing management. Since joining Huiyuan in 2000, Ms. Yu has held various positions in the Group during the past 15 years, including Director of the General Office, Vice President of the Human Resource Department, Vice President of the Production Center, General Manager of the Beverage Business Division and Executive Vice President of the Company.

Mr. Cui Xianguo (崔現國)

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

Ms. Zhu Shengqin (朱聖琴)

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

Mr. Liu Jianming (劉建明)

Aged 50, is the Executive President for Fruit Sector of the Group and is responsible for management of the fruit sector operation. Mr. Liu Jianming joined Huiyuan in April 2001 and held a number of management positions in the Company, including General Manager and Vice President. Mr. Liu Jianming graduated from Linyi College of Education with a bachelor's degree.

Ms. Shi Xiuping (史秀平)

Aged 40, Vice President for Human Resources. Ms. Shi has over ten years' experience in human resources and management. She joined Huiyuan in July 2003, and held many positions in the Group, including Director of the chairman's office, Deputy General Manager of Beverage Sector, Director of Human Resources, General Manager of Directly Operated Company System, and Vice President for Staff Administration. Ms. Shi Xiuping graduated from Beijing Administrative College with a master's degree. She is a certified senior human resources manager.

Ms. Ju Xinyan (鞠新艷)

aged 36, Vice President for Production of the Group and is responsible for production management of fruit juice. She joined the Group in November 2001 and held various positions in the Group, including Deputy Head of the President Office, General Manager of Production Plants, General Manager of Sales Region and Vice President. Ms. Ju Xinyan graduated from Shandong University with a bachelor's degree.

Mr. Wang Xinnong (王新農)

Aged 49, Vice President and General Manager of Suntory Business Department. Mr. Wang graduated from CEIBS with a master's degree in business administration. Mr. Wang joined the Company on 31 May 2014. Prior to this, he was a Vice President at PepsiCo Investment (China) Ltd. and was in charge of business in north region. Mr. Wang has 22 years of experience in managing food and beverage companies. He held positions of general manager or above at PepsiCo (China), the Food and Agriculture Department of Sinar Mas Group AFP (China), AB InBev (China) , Danone Beverage (China) and BIG China.

Ms. Cheng Ying

Aged 40, a Vice President of the Group, in charge of the Group's investment. Ms. Cheng joined the Company in March 2014 and is responsible for investment and merger business. Ms. Cheng has more than ten years' experience in investment banking and enterprise financing, and specializes in enterprise financing, M&A and IPO. Before joining the Group, she was an executive director of UBS and the Vice President of Investment Banking of Macquarie Group. Ms. Cheng graduated from National University of Singapore with a master's degree in economics.

Mr. Li Fengshuo (李豐碩)

Aged 47, the General Manager of the Group's Hong Kong/Macau/international business. Prior to joining the Company on 1 April 2014, Mr. Li worked in Sharp-Roxy, Philip Morris Greater China, Lee Kum Kee Southeast Asia and North Asia, Hong Kong Tourism Development Council etc, with positions of manager, sales director and managing director. Mr. Li graduated from the Chinese University of Hong Kong with a master's degree in international trade.

Ms. Chen Xiangping (陳湘萍)

Aged 30, assistant to the Chairman of the group. She joined Huiyuan in February 2014, being in charge of the financial market division of the Group, supervising overseas financing, investments, issuing of securities, and investor communications. She also participated in a number of due diligence and auditing projects in the Company. Prior to joining the Group, she worked at Societe Generale, Banco Bilbao Vizcaya Argentaria and China Development Bank (Hong Kong), responsible for corporate finance-related business. Ms. Chen graduated from the University of Hong Kong and received her master's degree in economics with honor class.

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羅兵咸永道

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

We have audited the consolidated financial statements of China Huiyuan Juice Group Limited ("the Company") and its subsidiaries set out on pages 61 to 142, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Other Matters

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 March 2016

Consolidated Balance Sheet

	Note	As at 31 December 2015 RMB'000	2014 RMB'000
ASSETS			
Non-current assets			
Land use rights	7	**951,379**	1,099,054
Property, plant and equipment	8	**6,433,821**	6,730,941
Intangible assets	9	**4,162,215**	4,200,920
Deferred income tax assets	11	**134,861**	142,700
Long-term prepayment	12	**146,418**	142,615
Investments accounted for using the equity method	13	**22,352**	10,515
Long-term receivable		**1,038**	1,128
Total non-current assets		**11,852,084**	12,327,873
Current assets			
Inventories	15	**1,293,340**	1,211,233
Trade and other receivables	14	**2,127,135**	2,182,987
Available-for-sale financial assets	16	**555,504**	265,423
Restricted cash and short-term bank deposits	17	**624,407**	452,882
Cash and cash equivalents	17	**1,631,547**	694,373
Total current assets		**6,231,933**	4,806,898
Total assets		**18,084,017**	17,134,771

Consolidated Balance Sheet (Continued)

	Note	As at 31 December 2015 RMB'000	2014 RMB'000
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	18	**181**	180
Share premium	18	**8,341,716**	8,303,542
Convertible preference shares	18	**541,474**	541,474
Other reserves		**341,314**	297,814
Retained earnings		**1,055,562**	1,315,019
		10,280,247	10,458,029
Non-controlling interests in equity		**141,685**	141,691
Total equity		**10,421,932**	10,599,720
LIABILITIES			
Non-current liabilities			
Borrowings	21	**2,502,994**	327,782
Deferred government grants	22	**32,493**	62,202
Trade and other payables	20	**55,135**	57,140
Deferred income tax liabilities	11	**8,885**	9,247
Convertible bonds	23	**906,996**	860,382
Total non-current liabilities		**3,506,503**	1,316,753
Current liabilities			
Trade and other payables	20	**1,965,050**	2,020,112
Convertible bonds	23	**219,536**	—
Taxation payable		**53,945**	56,910
Deferred revenue		**8,997**	10,609
Borrowings	21	**1,908,054**	3,130,667
Total current liabilities		**4,155,582**	5,218,298
Total liabilities		**7,662,085**	6,535,051
Total equity and liabilities		**18,084,017**	17,134,771

The notes on pages 66 to 142 are an integral part of these consolidated financial statements.

The financial statements on pages 61 to 142 were approved by the Board of Directors on 29 March 2016 and were signed on its behalf.

Director *Director*

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2015 RMB'000	2014 RMB'000
Revenue	6	**5,682,296**	4,592,050
Cost of sales	26	**(3,512,954)**	(2,997,970)
Gross profit		**2,169,342**	1,594,080
Selling and marketing expenses	26	**(1,812,336)**	(1,395,694)
Administrative expenses	26	**(375,076)**	(508,275)
Other income — net	24	**215,522**	105,102
Other gains — net	25	**302,699**	151,004
Finance expenses	28	**(550,240)**	(318,622)
Finance income	29	**19,625**	28,495
Unrealised (loss)/gain on change of fair value of embedded derivatives of convertible bonds	23	**(92,340)**	308,644
Loss on early redemption of convertible bonds		**—**	(65,776)
Share of profit/(loss) of investments accounted for using the equity method	13	**6,837**	(3,343)
Loss before income tax		**(115,967)**	(104,385)
Income tax expense	30	**(112,855)**	(22,623)
Loss for the year		**(228,822)**	(127,008)
Loss attributable to:			
Equity holders of the Company		**(228,816)**	(126,768)
Non-controlling interests		**(6)**	(240)
		(228,822)	(127,008)
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		**12,484**	423
Total comprehensive loss for the year		**(216,338)**	(126,585)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(216,332)**	(126,345)
Non-controlling interests		**(6)**	(240)
		(216,338)	(126,585)
Loss per share attributable to the ordinary shareholders of the Company during the year (expressed in RMB cents per share)			
— basic	31(a)	**(8.6)**	(4.8)
— diluted	31(b)	**(8.6)**	(12.8)
Loss per share attributable to the preference shares holders of the Company during the year (expressed in RMB cents per share)			
— basic	31(a)	**(8.6)**	(4.8)
— diluted	31(b)	**(8.6)**	(12.8)

The notes on pages 66 to 142 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Note	Share capital RMB'000	Share premium RMB'000	Convertible preference shares RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests in equity RMB'000	Total equity RMB'000
		Attributable to equity holders of the Company							
Balance at 1 January 2015		180	8,303,542	541,474	297,814	1,315,019	10,458,029	141,691	10,599,720
Comprehensive income									
Loss for the year		–	–	–	–	(228,816)	(228,816)	(6)	(228,822)
Other comprehensive income		–	–	–	12,484	–	12,484	–	12,484
Total comprehensive income		–	–	–	12,484	(228,816)	(216,332)	(6)	(216,338)
Transactions with owners									
Share-based compensation		–	–	–	375	–	375	–	375
Issuance of ordinary shares	18	1	38,174	–	–	–	38,175	–	38,175
Profit appropriation to statutory reserves		–	–	–	30,641	(30,641)	–	–	–
Total transactions with owners		1	38,174	–	31,016	(30,641)	38,550	–	38,550
Balance at 31 December 2015		181	8,341,716	541,474	341,314	1,055,562	10,280,247	141,685	10,421,932
Balance at 1 January 2014		147	6,006,880	2,831,338	275,306	1,462,875	10,576,546	147,966	10,724,512
Comprehensive income									
Loss for the year		–	–	–	–	(126,768)	(126,768)	(240)	(127,008)
Other comprehensive income		–	–	–	423	–	423	–	423
Total comprehensive income		–	–	–	423	(126,768)	(126,345)	(240)	(126,585)
Transactions with owners									
Share-based compensation		–	–	–	12,514	–	12,514	–	12,514
Shares issued pursuant to Share Award Scheme	18	–	6,463	–	(6,463)	–	–	–	–
Vesting of shares under Share Award Scheme	18	–	368	–	(5,089)	–	(4,721)	–	(4,721)
Shares converted from convertible preference shares	18	33	2,289,831	(2,289,864)	–	–	–	–	–
Profit appropriation to statutory reserves		–	–	–	21,088	(21,088)	–	–	–
Acquisition of non-controlling interests of a subsidiary		–	–	–	35	–	35	(6,035)	(6,000)
Total transactions with owners		33	2,296,662	(2,289,864)	22,085	(21,088)	7,828	(6,035)	1,793
Balance at 31 December 2014		180	8,303,542	541,474	297,814	1,315,019	10,458,029	141,691	10,599,720

The notes on pages 66 to 142 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2015 RMB'000	2014 RMB'000
Cash flows from operating activities			
Cash generated from operations	33	**681,509**	344,219
Interest paid		**(218,226)**	(234,165)
Interest received		**19,625**	28,495
Income tax paid		**(108,372)**	(94,297)
Cash flows generated from operating activities — net		**374,536**	44,252
Cash flows from investing activities			
Proceeds from disposal of subsidiaries, net of cash disposed	36	**1,328,957**	359,977
Proceeds from disposal of land use rights		**—**	136,335
Proceeds from disposal of property, plant and equipment		**28,575**	4,322
Purchase of property, plant and equipment		**(818,757)**	(411,404)
Purchase of land use rights		**(26,232)**	(72,408)
Investment in an associate	13	**—**	(2,445)
Investment in a joint venture	13	**(5,000)**	(5,000)
Increase in available-for-sale financial assets		**(277,597)**	(265,000)
Investment income on available-for-sale financial assets		**4,785**	—
(Increase)/decrease in restricted cash and short-term bank deposits		**(171,525)**	124,903
Prepayment for investment		**—**	(36,447)
Acquisition of non-controlling interests of a subsidiary		**—**	(6,000)
Cash flows generated from/(used in) investing activities — net		**63,206**	(173,167)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	18	**38,175**	—
Shares purchased for Share Award Scheme		**—**	(4,721)
Contribution from non-controlling interests of subsidiaries		**—**	66,974
Proceeds from banks and other financial institution borrowings		**3,667,260**	3,411,915
Repayments of borrowings from banks and other financial institution		**(4,559,779)**	(3,764,388)
Proceeds form issuance of corporate bond	21(b)	**1,354,262**	—
Issuance cost in relation to corporate bond	21(b)	**(12,857)**	—
Proceeds from insurance of convertible bonds		**—**	922,815
Redemption of convertible bonds		**—**	(745,739)
Cash flows generated from/(used in) financing activities — net		**487,061**	(113,144)
Exchange gains/(losses) on cash and cash equivalents		**12,371**	(989)
Net increase/(decrease) in cash and cash equivalents		**937,174**	(243,048)
Cash and cash equivalents at beginning of the year	17	**694,373**	937,421
Cash and cash equivalents at end of the year	17	**1,631,547**	694,373

The notes on pages 66 to 142 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. General information

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

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

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

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 29 March 2016.

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 the revaluation of available-for-sale financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, which are carried at fair value.

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

3. Summary of significant accounting policies

(a) New and amended standards adopted by the Group

The Group has adopted the following amendments to standards which are mandatory for the financial year beginning on 1 January 2015:

Amendment to IAS 19 on contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

Amendments from annual improvements to IFRSs — 2010 — 2012 Cycle, on IFRS 8, 'Operating segments', IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' and IAS 24, 'Related party disclosures'.

Amendments from annual improvements to IFRSs — 2011 — 2013 Cycle, on IFRS 3, 'Business combinations', IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'.

The adoption of above amendments does not have any significant financial effect on these financial statements.

(b) 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 during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

3. Summary of significant accounting policies (Continued)

(c) New standards and interpretations not yet adopted

The following are new standards and amendments to standards that have been issued but are not yet effective for the financial year beginning on 1 January 2015 and have not been early adopted.

New standards and amendments to existing standards		Effective for accounting periods beginning on or after
Amendments to IAS 1	Disclosure initiative	1 January 2016
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendment to IAS 27	Equity method in separate financial statements	1 January 2016
Amendment to IFRS 11	Accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Effective date is to be determined
Amendment to IFRS 10, IFRS 12 and IAS 28	Investment entities: applying the consolidation exception	1 January 2016
Annual improvements 2014	Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016
Amendment to IAS 12	Statement of cash flows	1 January 2017
Amendments to IFRS 12 and IAS 28	Income taxes	1 January 2017
IFRS 9	Financial instruments	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 16	Leases	1 January 2019

The Group will apply the above new standards and amendments to standards when they become effective. The Group is in the process of assessing the impact of the above new standards and amendments to standards.

3. Summary of significant accounting policies (Continued)

3.1 Subsidiaries

3.1.1 Consolidation

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

(a) Business combinations

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

Acquisition-related costs are expensed as incurred.

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

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

3. Summary of significant accounting policies (Continued)

3.1 Subsidiaries (Continued)

3.1.1 Consolidation (Continued)

(a) Business combinations (Continued)

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

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

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

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

(c) Disposal of subsidiaries

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

3. Summary of significant accounting policies (Continued)

3.1 Subsidiaries (Continued)

3.1.2 Separate financial statements

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

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

3.1.3 Associates

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

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

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

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

3. Summary of significant accounting policies (Continued)

3.1 Subsidiaries (Continued)

3.1.3 Associates (Continued)

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

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

3.1.4 Joint arrangements

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

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

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

3. Summary of significant accounting policies (Continued)

3.2 Segment reporting

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

3.3 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

3.4 Property, plant and equipment

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

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

3. Summary of significant accounting policies (Continued)

3.4 Property, plant and equipment (Continued)

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

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

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

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

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

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

3.5 Land use rights

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

3.6 Intangible assets

(a) Goodwill

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

3. Summary of significant accounting policies (Continued)

3.6 Intangible assets (Continued)

(a) Goodwill (Continued)

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

(b) Trademarks

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

(c) Computer software licences

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

(d) Sales distribution networks and customer relationships

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

3.7 Impairment of non-financial assets

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

3. Summary of significant accounting policies (Continued)

3.8 Financial assets

3.8.1 Classification

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

(a) Loans and receivables

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

(b) Available-for-sale financial assets

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

3.8.2 Recognition and measurement

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

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

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

3. Summary of significant accounting policies (Continued)

3.8 Financial assets (Continued)

3.8.2 Recognition and measurement (Continued)

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

3.8.3 Offsetting financial instruments

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

3.8.4 Impairment of financial assets

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

(a) Assets carried at amortised cost

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

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

3. Summary of significant accounting policies (Continued)

3.8 Financial assets (Continued)

3.8.4 *Impairment of financial assets (Continued)*

(a) Assets carried at amortised cost (Continued)

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

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

(b) Assets classified as available for sale

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

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

3. Summary of significant accounting policies (Continued)

3.9 Inventories

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

3.10 Trade and other receivables

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

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

3.11 Cash and cash equivalents

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

3.12 Share capital

Ordinary shares are classified as equity.

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

3.13 Trade payables

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

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

3. Summary of significant accounting policies (Continued)

3.14 Borrowings

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

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

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

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and are limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

3. Summary of significant accounting policies (Continued)

3.15 Convertible instruments

(a) Convertible bonds

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

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

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

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

(b) Convertible preference shares

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

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

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

3. Summary of significant accounting policies (Continued)

3.16 Current and deferred income tax

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

(a) Current income tax

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

(b) Deferred income tax

Inside basis differences

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

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

Outside basis differences

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

3. Summary of significant accounting policies (Continued)

3.16 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Outside basis differences (Continued)

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

(c) Offsetting

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

3.17 Employee benefits

(a) Pension obligations

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

(b) Other benefits

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

3.18 Share-based payments

(a) Equity-settled share-based payment transactions

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

3. Summary of significant accounting policies (Continued)

3.18 Share-based payments (Continued)

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

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

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

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

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

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

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

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

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

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

(c) *Social security contributions on share options gains*

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

3. Summary of significant accounting policies (Continued)

3.19 Provisions

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

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

3.20 Revenue recognition

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

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

(a) Sales of goods

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

(b) Bill and hold sales

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

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

3. Summary of significant accounting policies (Continued)

3.20 Revenue recognition (Continued)

(c) *Interest income*

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

(d) *Barter transactions*

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

3.21 Leases

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

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

3. Summary of significant accounting policies (Continued)

3.22 Dividend distribution

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

3.23 Government grants

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

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

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

3.24 Customer royalty program

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

4. Financial risk management

4.1 Financial risk factors

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

4. Financial risk management (Continued)

4.1 Financial risk factors (Continued)

(a) Foreign exchange risk

The Group's production depends on importation of certain raw materials and equipment, and the Group is exposed to foreign currency exchange risk arising from various currency exposures primarily with respect to United States Dollar ("USD") and Euro ("EUR"). The Group is also exposed to foreign currency exchange risk arising from the bank deposits, convertible bonds and borrowings (including corporate bond and finance lease liabilities) denominated in USD and EUR. The Group did not use forward contract/derivative instruments in 2015 but may use them from time to time to hedge against certain material foreign exchange exposures.

As at 31 December 2015, if RMB strengthened/weakened by 5% against USD and EUR with all other variables remaining unchanged, the Group's post-tax loss for 2015 would have been decreased/increased by RMB254,489,000 (2014: RMB113,670,000), mainly due to the foreign exchange gains/losses on retranslation of convertible bonds and borrowings (including corporate bond and finance lease liabilities) denominated in USD and EUR.

(b) Price risk

The Group is exposed to price risk in fair value of conversion rights of the convertible bonds. A rise of the stock price will be accompanied by an increase in the fair value of the conversion rights which will increase the unrealised loss on the change of fair value of embedded derivative of the convertible bonds as well as the liability of the Group. For details of the convertible bonds, refer to Note 23.

(c) Credit risk

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

Most of the Group's sales are settled in cash or by cheque by its customers on delivery of goods. Credit sales are made only to selected customers, including distributors with long-term relationship and supermarkets that signed sales contracts with credit terms. The Group assesses the credit quality of its customers by taking into account various factors including their financial position and past experience. The credit terms are regularly monitored. The Group has policies in place to ensure that trade receivables are followed up in a timely manner. The balance of the trade receivables from the top 5 largest customers was RMB218,439,000 as at 31 December 2015 (2014: RMB575,536,000), representing 12% of the total balance of trade receivables at 31 December 2015 (2014: 33%).

Substantially all the Group's cash at banks and bank deposits are deposited in financial institutions in Mainland China and Hong Kong. The credit risk on liquid funds is limited as the majority of counterparties are financial institutions with high credit ratings assigned by international credit-rating agencies and large state-controlled financial institutions. As at 31 December 2015, the bank balances held at the five major banks, all of which are state-owned or listed banks in the Chinese domestic capital markets amounted to RMB2,117,591,000 (2014: RMB598,370,000). These balances represent 94% of total bank balances at 31 December 2015 (2014: 86%).

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

(d) Liquidity risk

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

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

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
At 31 December 2015				
Non-current bank borrowings	**–**	**869**	**882,061**	**–**
Current bank borrowings	**1,851,341**	**–**	**–**	**–**
Interest payable for bank borrowings	**68,273**	**20,490**	**20,340**	**–**
Finance lease liabilities	**65,041**	**62,921**	**174,034**	**–**
Corporate bond	**21,995**	**21,995**	**1,430,038**	**–**
Convertible bonds	**252,718**	**983,780**	**–**	**–**
Trade and other payables	**1,818,432**	**13,000**	**42,135**	**–**
At 31 December 2014				
Non-current bank borrowings	–	25,000	302,782	–
Current bank borrowings	3,130,667	–	–	–
Interest payable for bank borrowings	58,344	1,591	11,586	–
Convertible bonds	40,716	238,139	927,029	–
Trade and other payables	1,903,485	10,000	47,140	–

4. Financial risk management (continued)

4.1 Financial risk factors (continued)

(e) Cash flow and fair value interest rate risk

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

At 31 December 2015, if interest rates on borrowings (including corporate bond and finance lease liabilities) and convertible bonds denominated in USD and EUR had been 1% higher/lower with all other variables held constant, post-tax loss for the year would have been RMB34,704,000 (2014: RMB14,492,000) higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings.

4.2 Capital risk management

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

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

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

As at 31 December 2015, the debt-to-equity ratio was 53.9% (including convertible bonds) (2014: 41.3%), and 42.9% (excluding convertible bonds) (2014: 33.1%), respectively.

4. Financial risk management (continued)

4.3 Fair value estimation

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

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

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2015.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Available-for-sale financial assets	–	–	**555,504**	**555,504**
Liabilities				
Embedded derivatives of 2019				
Convertible bonds	–	–	**103,725**	**103,725**

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Available-for-sale financial assets	–	–	265,423	265,423
Liabilities				
Embedded derivatives of 2016				
Convertible bonds	–	–	1,242	1,242
Embedded derivatives of 2019				
Convertible bonds	–	–	10,143	10,143
	–	–	11,385	11,385

4. Financial risk management (continued)

4.3 Fair value estimation (continued)

The fair values of embedded derivatives of the 2016 Convertible Bonds and the 2019 Convertible Bonds were valued by estimating the values of the whole bonds with and without the embedded derivatives. Refer to Note 23 for details of convertible bonds and significant unobservable inputs.

The increase/decrease in the fair value of embedded derivatives of convertible bonds will increase/decrease the Group's post-tax loss for the year as well as the Group's total liabilities as at 31 December 2015.

As at 31 December 2015, the fair value of the embedded derivatives of the 2016 Convertible Bonds was nil since it will mature on 29 April 2016 and the conversion price of HK$6.812 per share was higher than the market price of the Company's share of HK3.55 per share.

If the market price of the Company's share had been HK$1 higher/lower than that at 31 December 2015, the fair value of the embedded derivatives of the 2019 Convertible Bonds would have increased/decreased by RMB88,436,000 and RMB67,456,000 respectively. If the discount rate had been 1% higher/lower than management's estimates at 31 December 2015, it would have increased/decreased the fair value of embedded derivatives of the 2019 Convertible Bonds by RMB13,682,000 and RMB17,812,000 respectively. If the volatility rate had been 1% higher/lower than management's estimates at 31 December 2015, it would have increased/decreased the fair value of embedded derivatives of the 2019 Convertible Bonds by RMB4,201,000 and RMB3,403,000 respectively.

5. Critical accounting estimates and judgements

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

Critical accounting estimates and assumptions

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

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

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

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

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

(b) Impairment of goodwill

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

As of 31 December 2015, value-in-use amount of the cash-generating unit ("CGU") is higher than the carrying amount of the CGU. If the budgeted revenue growth rates used in the value-in-use calculation for the CGU during the forecast period had been 2.6% lower than management's estimates at 31 December 2015, it would have decreased the value-in-use of the CGU by 15%, which would approximate the carrying amount of the CGU.

5. Critical accounting estimates and judgements (continued)

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

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

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

(d) Useful lives of trademarks

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

(e) Net realisable value of inventories

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

(f) Income taxes

The Group is mainly subject to income taxes in the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

5. Critical accounting estimates and judgements (continued)

(f) Income taxes (continued)

Certain subsidiaries of the Group whose major business is related to processing of agricultural products are exempted from income taxes after approval of the local competent tax authorities. Management believes that these subsidiaries will continuously be qualified to be exempted from income taxes after approval of the local competent tax authorities.

(g) Provision for impairment of receivables

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

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

The fair values of convertible bonds and the embedded conversion options are determined using valuation techniques including reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Details of the assumptions used in determining the fair values of the convertible bonds and the embedded conversion options are set out in Note 23.

6. Revenue and segment information

Management determines the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions. The executive directors assess the revenue from a perspective of products. The Group's revenue, 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 does not separately review the performance of the business nor report the business externally as an operating segment. As a result, the puree and concentrated juice business has been combined into the juice and other beverage products segment.

6. Revenue and segment information (continued)

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:

	2015 RMB'000	2014 RMB'000
100% juice products	**1,598,069**	1,261,306
Nectars	**1,355,550**	1,342,870
Juice drinks	**1,174,513**	989,708
Other beverage products	**1,554,164**	998,166
	5,682,296	4,592,050

The Group had barter sales of approximately RMB43,187,000 (2014: RMB210,199,000) during the year, mainly in exchange for transportation vehicles and office equipment.

7. Land use rights

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

	2015 RMB'000	2014 RMB'000
In PRC held on:		
Leases of between 30 to 50 years	**951,379**	1,099,054
Representing:		
Opening net book amount	**1,099,054**	1,123,894
Additions	**43,086**	100,694
Amortisation charge (Note 26)	**(23,711)**	(25,177)
Disposal of subsidiaries (Note 36)	**(167,050)**	(100,357)
Closing net book amount	**951,379**	1,099,054

8. Property, plant and equipment

	Buildings RMB'000	Machinery RMB'000	Motor vehicles RMB'000	Furniture and office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2015						
Opening net book amount	**1,414,425**	**4,306,142**	**163,856**	**124,553**	**721,965**	**6,730,941**
Additions	**75,766**	**187,321**	**78,399**	**15,848**	**847,889**	**1,205,223**
Transfer upon completion	**76,175**	**116,502**	**2,149**	**8,461**	**(203,287)**	**–**
Disposals	**(58)**	**(1,633)**	**(113,584)**	**(220)**	**–**	**(115,495)**
Disposal of subsidiaries (Note 36)	**(268,476)**	**(352,657)**	**(13,305)**	**(30,748)**	**(231,938)**	**(897,124)**
Depreciation (a) (Note 26)	**(43,146)**	**(406,917)**	**(12,833)**	**(26,828)**	**–**	**(489,724)**
Closing net book amount	**1,254,686**	**3,848,758**	**104,682**	**91,066**	**1,134,629**	**6,433,821**
At 31 December 2015						
Cost	**1,448,342**	**6,343,485**	**215,059**	**344,277**	**1,134,629**	**9,485,792**
Accumulated depreciation	**(193,656)**	**(2,494,727)**	**(110,377)**	**(253,211)**	**–**	**(3,051,971)**
Net book amount	**1,254,686**	**3,848,758**	**104,682**	**91,066**	**1,134,629**	**6,433,821**
Year ended 31 December 2014						
Opening net book amount	1,283,068	4,669,156	42,356	140,412	833,568	6,968,560
Additions	14,104	54,057	81,584	15,036	289,216	453,997
Transfer upon completion	209,926	93,437	56,667	4,649	(364,679)	–
Disposals	(10,356)	(7,108)	(7,015)	(4,992)	(36,140)	(65,611)
Disposal of a subsidiary	(39,113)	(68,006)	–	–	–	(107,119)
Depreciation (a) (Note 26)	(43,204)	(435,394)	(9,736)	(30,552)	–	(518,886)
Closing net book amount	1,414,425	4,306,142	163,856	124,553	721,965	6,730,941
At 31 December 2014						
Cost	1,603,084	6,584,904	276,811	366,803	721,965	9,553,567
Accumulated depreciation	(188,659)	(2,278,762)	(112,955)	(242,250)	–	(2,822,626)
Net book amount	1,414,425	4,306,142	163,856	124,553	721,965	6,730,941

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

	2015 RMB'000	2014 RMB'000
Cost of sales	**432,899**	455,527
Administrative expenses	**28,143**	32,568
Selling and marketing expenses	**28,682**	30,791
	489,724	518,886

8. Property, plant and equipment (continued)

(b) Operating lease rentals amounting to approximately RMB51,159,000 for the year ended 31 December 2015 (2014: RMB18,347,000) relating to the lease of building and machinery are included in the consolidated statement of comprehensive income.

(c) There is no property, plant and equipment of the Group pledged as security for bank borrowings at 31 December 2015 (2014: nil).

(d) During the year, the Group has capitalised borrowing costs amounting to RMB65,816,000 (2014: RMB35,529,000) on qualifying assets. Borrowing costs were capitalised at the weighted average rate of its general borrowings of 6.65% (2014: 4.60%).

9. Intangible assets

	Goodwill RMB'000	Sales distribution networks and customer relationships RMB'000	Trademarks RMB'000	Software RMB'000	Total RMB'000
Year ended 31 December 2015					
Opening net book amount	**3,941,580**	**146,499**	**111,689**	**1,152**	**4,200,920**
Additions	**–**	**–**	**–**	**679**	**679**
Amortisation charge (a) (Note 26)	**–**	**(18,904)**	**(5,931)**	**(100)**	**(24,935)**
Disposal of subsidiaries (Note 36)	**(14,449)**	**–**	**–**	**–**	**(14,449)**
Closing net book amount	**3,927,131**	**127,595**	**105,758**	**1,731**	**4,162,215**
At 31 December 2015					
Cost	**3,927,131**	**226,924**	**177,907**	**2,219**	**4,334,181**
Accumulated amortisation and impairment (b)	**–**	**(99,329)**	**(72,149)**	**(488)**	**(171,966)**
Net book amount	**3,927,131**	**127,595**	**105,758**	**1,731**	**4,162,215**
Year ended 31 December 2014					
Opening net book amount	3,941,580	167,511	117,620	1,178	4,227,889
Additions	–	–	–	64	64
Amortisation charge (a) (Note 26)	–	(21,012)	(5,931)	(90)	(27,033)
Closing net book amount	3,941,580	146,499	111,689	1,152	4,200,920
At 31 December 2014					
Cost	3,941,580	226,924	177,907	1,540	4,347,951
Accumulated amortisation and impairment (b)	–	(80,425)	(66,218)	(388)	(147,031)
Net book amount	3,941,580	146,499	111,689	1,152	4,200,920

9. Intangible assets (continued)

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

(b) Impairment test for goodwill

As at 31 December 2015, goodwill of the Group amounted to RMB3,927,131,000, including goodwill of RMB151,618,000 which was generated from acquisition of juice business in PRC in previous years before listing and goodwill of RMB3,775,513,000 which was generated from acquisition of one of the Group's major supplier of puree and concentration business in 2013.

Goodwill is monitored by the Board of Directors at the operating segment level. As the Group is considered as one reportable segment (Note 6), impairment assessment of goodwill is performed on a consolidated basis, i.e., considering the Group as a group of cash generating units (the "CGUs"). The recoverable amounts of the CGUs have been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period at the expected production capacity. Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 3%.

The other key assumptions used for value-in-use calculations in 2015 mainly include budgeted gross margin, which is within a range of 39%–40%. The post-tax discount rate used in goodwill impairment assessment for the year ended 31 December 2015 is 11.0% (2014: 11.0%).

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

Based on above assessment, the directors are of the view that there was no impairment of goodwill as at 31 December 2015.

(c) Sales distribution networks and customer relationships

The Group paid RMB153,734,000 to acquire certain sales distribution networks from certain major distributors in May 2008.

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

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

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

10. Subsidiaries

(a) The following was the list of all subsidiaries at 31 December 2015:

Name	Place of incorporation	Principal activities	Registered capital	Interest held
Directly held				
Huiyuan Beijing Holdings Limited	British Virgin Islands ("BVI")	Investment holdings	US$50,000 (US $ 1 Per ordinary Share)	100%
Huiyuan Shanghai Holdings Limited	BVI	Investment holdings	US$50,000 (US $ 1 Per ordinary Share)	100%
Huiyuan Chengdu Holdings Limited	BVI	Investment holdings	US$50,000 (US $ 1 Per ordinary Share)	100%
Huiyuan Europe Ltd.	UK	Trade	GBP1,000	100%
Huiyuan Europe GmbH	Germany	Trade	EUR25,000	100%
Indirectly held				
[1]Beijing Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US$40,000,000	100%
[1]Beijing Huiyuan Group Kaifeng Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	RMB200,000,000	100%
[1]Harbin Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	RMB200,000,000	100%
[1]Jiujiang Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	RMB200,000,000	100%
[1]Beijing Huiyuan Beverage & Food Group Chengdu Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	RMB250,000,000	100%
[1]Beijing Xinyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US$40,000,000	100%
[1]Luzhong Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US$50,000,000	100%
[1]Xinjiang Huiyan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	RMB20,000,000	100%
[1]Hebei Huiyuan Food & Berverage Co., Ltd	The PRC	Manufacture of fruit and vegetable juices	RMB80,000,000	100%
[1]Qiqihaer Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US$15,000,000	100%
[1]Guilin Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US$10,000,000	100%
[1]Anhui Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US$29,800,000	100%
[1]Dezhou Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US$40,000,000	100%
[1]Jiangsu Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US$13,000,000	100%
[1]Yanbian Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US$10,000,000	100%
[1]Beijing Huiyuan Biotechnology Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US$10,000,000	100%
[1]Benxi Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	RMB80,000,000	100%
[1]Dangshan Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	RMB30,000,000	100%
[1]Zhongxiang Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US $20,000,000	100%
[1]Beijing Tongchenghongye Trading Co., Ltd	The PRC	Manufacture of fruit and vegetable juices	RMB100,000	100%
[1]Ningxia Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US $15,000,000	100%

10. Subsidiaries (continued)

(a) The following was the list of all subsidiaries at 31 December 2015: (continued)

Name	Place of incorporation	Principal activities	Registered capital	Interest held
[1]Suqian Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US $15,000,000	100%
[1]Shanxi Yangling Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	RMB120,000,000	100%
[1]Shandong Yuanda Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US $8,000,000	100%
[1]Nanchong Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US $15,000,000	100%
[1]Hengshui Huiyuan Food & Beverage Co., Ltd.	The PRC	Marketing & sales of fruit and vegetable juices	US $15,000,000	100%
[1]Yuncheng Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US $15,000,000	100%
[1]Yongchun Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US $15,000,000	100%
[1]Yunhe Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	US $30,000,000	100%
[1]Beijing Huiyuan Portable Water Co., Ltd.	The PRC	Sales of portable water	RMB3,000,000	100%
[1]Huanggang Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	RMB30,000,000	100%
[1]XuRiSheng (Hengshui) Beverage Co., Ltd.	The PRC	Manufacture of "XuRiSheng" ice tea beverage	RMB30,000,000	100%
[1]Heilongjiang Kedong Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of mineral water	RMB30,000,000	100%
[1]China Huiyuan Industry Holding Limited	BVI	Investment holdings	US$1	100%
[1]China Huiyuan Industry Limited	Hong Kong	Investment holdings	HK$1	100%
[1]Beijing Huiyuan Total Fruit Industry Limited	The PRC	Investment holdings	RMB82,000,000	100%
[1]Beijing Huiyuan Group Wanrong Co., Ltd.	The PRC	Manufacture of puree, concentrated juice and preform	RMB60,000,000	100%
[1]Beijing Huiyuan Group Jizhong Food & Beverage Co., Ltd.	The PRC	Manufacture of puree and concentrated juice	RMB7,000,000	100%
[1]Huiyuan Jiulonggou Biology and Farming Limited	The PRC	Manufacture of puree and concentrated juice	RMB13,000,000	100%
[1]Beijing Huiyuan Group Leling Co., Ltd.	The PRC	Manufacture of puree and concentrated juice	RMB10,000,000	100%
[1]Beijing Huiyuan Group Youyu Co., Ltd.	The PRC	Manufacture of puree and concentrated juice	RMB5,000,000	100%
[1]Beijing Huiyuan Group Pingyi Co., Ltd.	The PRC	Manufacture of puree and concentrated juice	RMB2,000,000	100%
[1]Beijing Huiyuan Group Wanbei Fruit Co., Ltd.	The PRC	Manufacture of puree and concentrated juice	RMB8,000,000	100%
[1]Taian Huiyuan Food and Beverage Co. Ltd.	The PRC	Manufacture of preform	RMB10,000,000	100%
[1]Beijing Huiyuan Group Yangling Co., Ltd.	The PRC	Manufacture of puree and concentrated juice	RMB5,000,000	100%
[1]Beijing Huiyuan Group Hengshui Co., Ltd.	The PRC	Manufacture of puree and concentrated juice	RMB5,000,000	100%
[1]Shandong Yiyuan Yongxin Packing Co., Ltd.	The PRC	Manufacture of carton	RMB1,000,000	100%
[1]Beijing Huiyuan Group Longhua Co., Ltd.	The PRC	Manufacture of puree and concentrated juice	RMB5,000,000	100%
[1]Kashi Huiyuan Food & Beverage Co., Ltd.	The PRC	Trading of fruit and vegetable juices	RMB20,000,000	100%
[1]Shanxi Guangfuyuan Trading Company Limited	The PRC	Sales of juice and beverages	RMB1,020,000	100%
[1]Lingbao Huiyuan Jindi Eucommia Industry Co., Ltd.	The PRC	Planting and processing of Eucommia	RMB300,000,000	100%
[1]Jilin Shengzeyuan Trading Co., Ltd	The PRC	Trading of fruit and vegetable juices	RMB1,000,000	100%
[1]Beijing Qianyubaoli Trading Co., Ltd	The PRC	Trading of fruit and vegetable juices	RMB2,000,o00	100%

10. Subsidiaries (continued)

(a) The following was the list of all subsidiaries at 31 December 2015: (continued)

Name	Place of incorporation	Principal activities	Registered capital	Interest held
[1]Tianjin Huiyuan Qianyu Trading Co., Ltd*	The PRC	Trading of fruit and vegetable juices	RMB1,000,000	100%
[1]Puer Huiyuan Food & Beverage Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	RMB30,000,000	100%
[1]Shanghai Huiyin Food Co., Ltd.	The PRC	Manufacture of fruit and vegetable juices	RMB130,000,000	100%
[1]Ningxia Hongxiangyuan Trading Co., Ltd*	The PRC	Sales of juice and beverages	RMB20,000,000	100%
[1]Kashi Fukuan Trading Co., Ltd.*	The PRC	Sales of juice and beverages	RMB1,020,000	100%
[1]Kashi Huiyuan Total Fruit Industry Limited*	The PRC	Investment holdings	RMB300,000,000	75%
Huiyuan Italia S.R.L.*	Italy	Investment holdings	EUR15,000	100%
Huiyuan Asia Pacific Holding PTE. LTD*	Singapore	Investment holdings	US100	100%

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

* These subsidiaries were newly established during the year of 2015.

(b) Material non-controlling interests

The total non-controlling interests as at 31 December 2015 amounted to RMB141,685,000. No subsidiary has non-controlling interests that are material to the Group.

11. Deferred income tax

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

	2015 RMB'000	2014 RMB'000
Deferred tax assets:		
— Deferred tax asset to be recovered after more than 12 months	**114,627**	129,869
— Deferred tax asset to be recovered within 12 months	**20,234**	12,831
	134,861	142,700
Deferred tax liabilities:		
— Deferred tax liability to be recovered after more than 12 months	**(8,523)**	(8,885)
— Deferred tax liability to be recovered within 12 months	**(362)**	(362)
	(8,885)	(9,247)
Deferred tax assets (net)	**125,976**	133,453

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

	2015 RMB'000	2014 RMB'000
At 1 January	**133,453**	81,564
Tax losses	**(8,395)**	53,090
Deferred revenue and other unpaid payables	**(404)**	107
Amortisation of trademarks	**(347)**	(347)
Government grants received	**(1,560)**	(87)
Provisions for impairment of inventories and receivables	**(483)**	(7,231)
Unrealised profit	**4,207**	5,138
Revaluation (a)	**362**	362
Other temporary differences	**(857)**	857
At 31 December	**125,976**	133,453

11. Deferred income tax (continued)

Deferred tax assets	Provisions RMB'000	Deferred government grants RMB'000	Amortisation of trademarks RMB'000	Tax losses RMB'000	Unrealised Profit RMB'000	Deferred Revenue and other unpaid payables RMB'000	Others RMB'000	Total RMB'000
At 1 January 2014	13,328	1,647	6,876	62,237	4,539	2,546	–	91,173
Charged/(credited) to the consolidated statement of comprehensive income	(7,231)	(87)	(347)	53,090	5,138	107	857	51,527
At 31 December 2014	**6,097**	**1,560**	**6,529**	**115,327**	**9,677**	**2,653**	**857**	**142,700**
Charged/(credited) to the consolidated statement of comprehensive income	(483)	(1,560)	(347)	(8,395)	4,207	(404)	(857)	(7,839)
At 31 December 2015	**5,614**	**–**	**6,182**	**106,932**	**13,884**	**2,249**	**–**	**134,861**

Deferred tax liabilities	Revaluation[(a)] RMB'000
At 1 January 2014	(9,609)
Credited to the consolidated statement of comprehensive income	362
At 31 December 2014	(9,247)
Credited to the consolidated statement of comprehensive income	362
At 31 December 2015	(8,885)

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

(b) Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB227,554,000 (2014: RMB164,615,000) in respect of losses amounting to RMB910,216,000 (2014: RMB658,460,000) that can be carried forward against future taxable income. The related losses amounting to RMB30,386,000 (2014: RMB79,279,000) and RMB879,830,000 (2014: RMB579,181,000) will expire in 2016 and the years between 2017 and 2020 respectively.

Deferred income tax liabilities of RMB47,448,000 (2014: RMB36,552,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries in the PRC at 31 December 2015. The Group determined that no deferred withholding tax liabilities shall be recognised in respect of the profits of the PRC subsidiaries for the years ended 31 December 2015 and 2014 since the Group has no plan to distribute such profits in the foreseeable future.

12. Long-term prepayment

	2015 RMB'000	2014 RMB'000
Long-term prepayment for property, plant and equipment	**146,418**	89,314
Long-term prepayment for land use rights	**—**	16,854
Prepayment for investment	**—**	36,447
	146,418	142,615

13. Investments accounted for using the equity method

The amounts recognised in the balance sheet are as follows:

	2015 RMB'000	2014 RMB'000
Associates	**15,673**	5,781
Joint ventures	**6,679**	4,734
At 31 December	**22,352**	10,515

The amounts recognised in the income statement are as follows:

	2015 RMB'000	2014 RMB'000
Associates	**9,892**	(3,077)
Joint ventures	**(3,055)**	(266)
For the year ended 31 December	**6,837**	(3,343)

Investment in associates:

	2015 RMB'000	2014 RMB'000
At 1 January	**5,781**	6,413
Investment in an associate	**—**	2,445
Share of gain/(loss) of associates	**9,892**	(3,077)
At 31 December	**15,673**	5,781

13. Investments accounted for using the equity method (continued)

Name of entity	Place of business/country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Golden Creation (Cayman) Trade Co. Ltd.	Cayman Islands	18.83	Note 1	Equity method
Beijing Xiangjuzhai Huiyuan Beverage Co., Ltd.	The PRC	30.00	Note 2	Equity method
Huiyuan Suntory (Shanghai) Beverage Co., Ltd.	The PRC	50.00	Note 3	Equity method

Note 1 Although the Group holds less than 20% of the equity shares of Golden Creation (Cayman) Trade Co. Ltd. ("Golden Creation"), the Group exercises significant influence over Golden Creation by virtue of its contractual right to appoint director to the board of directors of Golden Creation and has the power to participate in the financial and operating policy decisions of Golden Creation.

Note 2 The investment in Beijing Xiangjuzhai Huiyuan Beverage Co., Ltd. ("Beijing Xiangjuzhai") has been reduced to nil since 31 December 2013. There was no additional obligation to share the loss of Beijing Xiangjuzhai for the years ended 31 December 2015 and 2014.

Note 3 On 1 January 2015, the Group completed the acquisition of 100% equity interests in Suntory (Shanghai) Foods Co., Ltd. (subsequently renamed as Shanghai Huiyin Food Co., Ltd. or "Shanghai Huiyin") and 50% equity interests in Suntory (Shanghai) Foods Marketing Co., Ltd. (subsequently renamed as Huiyuan Suntory (Shanghai) Beverage Co., Ltd. or "Huiyuan Suntory").

After the above acquisition, Shanghai Huiyin becomes a wholly-owned subsidiary of the Group. This transaction has been accounted for an acquisition of assets and liabilities since Shanghai Huiyin did not carry out any business prior to the acquisition. For Huiyuan Suntory, it has been treated as an investment accounted for using the equity method since the Group can only exercise significant influence over Huiyuan Suntory with its right to appoint 2 out of 5 directors in the Board of Directors of Huiyuan Suntory.

According to the Equity Transfer Agreements with Suntory (China) Holding Co., Ltd. ("Suntory China") (including the adjustment of consideration therein), the total cash consideration for the above transaction amounted to RMB74,462,000. The total consideration was allocated between the investments in Huiyuan Suntory and Shanghai Huiyin based on their relative fair values. Accordingly, nil consideration was allocated to Huiyuan Suntory since it has been operating at a loss and recorded a financial position of net liabilities prior to the acquisition. For the year ended 31 December 2015, the Group did not share any profit or loss from Huiyuan Suntory due to its loss position. For the investment in Shanghai Huiyin, the allocated consideration amounted to RMB74,462,000. The acquired assets and liabilities of Shanghai Huiyin as at 1 January 2015 mainly comprised property, plant and equipment of RMB63,418,000, trade and other receivables of RMB71,275,000 and bank borrowings of RMB55,050,000.

13. Investments accounted for using the equity method (continued)

Investment in a joint venture:

	2015 RMB'000	2014 RMB'000
At 1 January	**4,734**	—
Investment in a joint venture	**5,000**	5,000
Share of loss of a joint venture	**(3,055)**	(266)
At 31 December	**6,679**	4,734

The directors of the Company are of the view that Group's joint venture is not material to the Group as at 31 December 2015. The joint venture listed below has share capital consisting solely of ordinary shares, which is indirectly held by the Group.

Name of entity	Place of business/country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Erdos Huiyuan Elion Food & Beverage Co., Ltd.	The PRC	50.00	Note 1	Equity method

Note 1 The Group holds 50% of the voting rights of its joint arrangement. The Group has joint control over this arrangement as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities.

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

14. Trade and other receivables

	2015 RMB'000	2014 RMB'000
Trade receivables	**1,685,798**	1,567,837
Related parties (a) (Note 37(c))	**65,444**	51,339
Third parties (a)	**1,741,856**	1,624,114
Less: Provision for impairment of trade receivables (a)	**(121,502)**	(107,616)
Bills receivable — third parties (b)	**21,027**	18,748
Prepayments of raw materials and others	**324,067**	439,231
Related parties (Note 37(c))	**88,786**	—
Third parties	**235,281**	439,231
Deductible value added tax — input balance	**45,873**	141,385
Other receivables	**50,370**	15,786
Related parties (Note 37(c))	**3,652**	—
Third parties (c)	**50,936**	25,065
Less: Provision for impairment of other receivables (c)	**(4,218)**	(9,279)
	2,127,135	2,182,987

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 certain customers 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 these 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 2015 and 2014, the ageing analysis of trade receivables was as follows:

— Third parties

	2015 RMB'000	2014 RMB'000
Within 3 months	**1,226,832**	1,038,330
Between 4 and 6 months	**119,749**	368,652
Between 7 and 12 months	**255,815**	97,577
Between 1 and 2 years	**71,987**	112,135
Over 2 years	**67,473**	7,420
	1,741,856	1,624,114

14. Trade and other receivables (Continued)

(a) (Continued)

— Related parties

	2015 RMB'000	2014 RMB'000
Within 3 months	**38,183**	50,493
Between 4 and 6 months	**21,330**	846
Between 7 and 12 months	**5,931**	—
	65,444	51,339

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

	2015 RMB'000	2014 RMB'000
At 1 January	**107,616**	55,943
Provision for impairment of trade receivables	**13,886**	51,673
At 31 December	**121,502**	107,616

As at 31 December 2015, trade receivables of RMB115,012,000 (2014: RMB105,175,000) were past due and fully provided for provision. Trade receivables of RMB24,448,000 (2014: RMB14,380,000) were past due but not impaired, which had been collected subsequent to the balance sheet date. The individually impaired receivables mainly relate to customers, which are in unexpected difficult economic situations. The ageing of these receivables is as follows:

	2015 RMB'000	2014 RMB'000
7 to 12 months	**6,490**	2,441
Over 1 year	**115,012**	105,175
	121,502	107,616

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

	2015 RMB'000	2014 RMB'000
Renminbi	**1,672,404**	1,558,243
USD	**13,394**	9,594
	1,685,798	1,567,837

14. Trade and other receivables (Continued)

(a) (Continued)

The creation and release of provisions for impaired receivables have been included in administrative expenses in the consolidated statement of comprehensive income (Note 26). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(b) Bills receivable

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

No bill receivable was pledged as security for current bank borrowings as at 31 December 2015 (2014: nil).

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

	2015 RMB'000	2014 RMB'000
Receivable from sales of containers	**16,805**	—
Deposit receivable	**15,833**	12,711
Loan receivable	**4,500**	—
Advance to employees	**2,640**	1,326
Consideration receivable from disposal of a subsidiary	**—**	2,000
Others	**11,158**	9,028
	50,936	25,065

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

	2015 RMB'000	2014 RMB'000
At 1 January	**9,279**	36,450
Reversal of provision of other receivables	**(5,061)**	(27,171)
At 31 December	**4,218**	9,279

15. Inventories

	2015 RMB'000	2014 RMB'000
Raw materials	**679,858**	724,596
Finished goods	**250,496**	168,034
Spare parts and consumable materials	**362,986**	318,603
	1,293,340	1,211,233

The cost of inventories recognised as expenses amounted to RMB2,513,498,000 (2014: RMB2,065,919,000), which included inventory write-down of RMB4,851,000 (2014: RMB5,463,000).

16. Available-for-sale financial assets

	2015 RMB'000	2014 RMB'000
Investment funds (a)	**330,487**	—
Treasury products issued by commercial banks (b)	**225,017**	265,423
	555,504	265,423

(a) The Group invested in certain unlisted investment funds, which is managed by fund managers in the PRC. The principals of these investments are not guaranteed and the investments have an expected rate of return of 8% per annum. The investments are denominated in the USD and the maturity is 1 year.

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

Available-for-sale financial assets are denominated in the following currencies:

	2015 RMB'000	2014 RMB'000
USD	**330,487**	—
RMB	**225,017**	265,423
	555,504	265,423

16. Available-for-sale financial assets (Continued)

The fair values of available-for-sale financial assets are based on cash flow discounted using the expected return based on management judgement and are within level 3 of the fair value hierarchy.

The maximum exposure to credit risk at the reporting date is the carrying value of these available-for-sale financial assets.

None of these financial assets is either past due or impaired.

17. Cash and cash equivalents, restricted cash and short-term bank deposit

	2015 RMB'000	2014 RMB'000
Cash at banks and cash in hand		
Denominated in		
— RMB	**2,069,344**	843,332
— USD	**73,490**	303,784
— EUR	**82,162**	8
— Hong Kong dollar ("HKD")	**30,938**	—
— Others	**20**	131
	2,255,954	1,147,255
Less:		
Restricted cash		
— deposit for note payables	**(40,000)**	(25,000)
— pledged for letter of credits	**(10,350)**	(59,515)
	(50,350)	(84,515)
Short-term bank deposits	**(574,057)**	(368,367)
Cash and cash equivalents	**1,631,547**	694,373

Restricted cash comprised deposits for letter of credit in relation to the purchasing of equipment and deposits for note payables. All the restricted cash are dominated in Renminbi.

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

18. Share capital, share premium and convertible preference shares

	Number of shares of USD0.00001 each (Thousands)	Share capital RMB'000	Share premium RMB'000	Convertible preference shares[b] RMB'000	Total RMB'000
At 1 January 2015	**2,532,275**	**180**	**8,303,542**	**541,474**	**8,845,196**
Issuance of ordinary shares [a]	**14,118**	**1**	**38,174**	**–**	**38,175**
At 31 December 2015	**2,546,393**	**181**	**8,341,716**	**541,474**	**8,883,371**
At 1 January 2014	2,000,275	147	6,006,880	2,831,338	8,838,365
Issuance of ordinary shares pursuant to Share Award Scheme	2,000	–	6,463	–	6,463
Vesting of shares under Share Award Scheme	–	–	368	–	368
Shares converted from convertible preference shares	530,000	33	2,289,831	(2,289,864)	–
At 31 December 2014	2,532,275	180	8,303,542	541,474	8,845,196

(a) On 19 November 2015, the Company and Suntory Holdings Limited ("Suntory Holdings", the parent of Suntory China) entered into a subscription agreement (the "Subscription Agreement"). Pursuant to the Subscription Agreement, Suntory Holdings agrees to subscribe for, and the Company agrees to issue to Suntory Holdings an aggregate of 14,117,705 new ordinary shares of the Company at a subscription price of HK$3.28 per share.

The above subscription was completed on 26 November 2015 and the Company received a total proceeds of HK$46,306,000 (equivalent to approximately RMB38,175,000).

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

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

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 four 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 2015, 23,451,500 share options granted on 25 February 2008 had lapsed and the number of outstanding share options was 11,998,500.

27,180,000 share options granted under the Share Option Scheme on 20 March 2014 have a vesting period of four 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 2015, 11,950,000 share options granted on 20 March 2014 had lapsed and the number of outstanding share options was 15,230,000.

750,000 share options granted under the Share Option Scheme on 20 March 2014 have a vesting period of three years. As at 31 December 2015, 150,000 share options granted on 20 March 2014 had lapsed and the number of outstanding share options was 600,000.

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

19. Share-based compensation (Continued)

(a) Share Option Scheme (Continued)

Movement of the options granted under the share option scheme during the year ended 31 December 2015 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 2015	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 2015
An aggregate of 515 employees	25 February 2008	25 February 2018	6.39	12,752,792	–	(754,292)	–	**11,998,500**
An aggregate of 129 employees	20 March 2014	20 March 2024	6.12	17,930,000	–	(2,700,000)	–	**15,230,000**
An aggregate of 5 directors	20 March 2014	20 March 2024	6.12	750,000	–	(150,000)	–	**600,000**

(b) Share Award Scheme

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

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

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

19. Share-based compensation (Continued)

(b) Share Award Scheme (Continued)

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 over the respective vesting periods.

During the year ended 31 December 2015, the Group did not grant any share under the Share Award Scheme.

20. Trade and other payables

	2015 RMB'000	2014 RMB'000
Trade payables (a)(b)	**1,305,159**	1,268,497
Related parties (Note 37(c))	**47,936**	45,848
Third parties	**1,257,223**	1,222,649
Other payables	**715,026**	808,755
Related parties (Note 37(c))	**1,768**	51,324
Third parties (c)	**713,258**	757,431
	2,020,185	2,077,252

	2015 RMB'000	2014 RMB'000
Trade and other payables		
Non-current	**55,135**	57,140
Current	**1,965,050**	2,020,112
	2,020,185	2,077,252

20. Trade and other payables (Continued)

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

— Third parties

	2015 RMB'000	2014 RMB'000
Within 3 months	**1,036,835**	1,136,120
Between 4 and 6 months	**133,433**	53,410
Between 7 and 12 months	**71,253**	25,482
Between 1 and 2 years	**14,403**	2,689
Between 2 and 3 years	**430**	4,605
Over 3 years	**869**	343
	1,257,223	1,222,649

— Related parties

	2015 RMB'000	2014 RMB'000
Within 3 months	**34,637**	45,848
Between 4 and 6 months	**5,889**	—
Between 7 and 12 months	**5,646**	—
Between 1 and 2 years	**1,764**	—
	47,936	45,848

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

	2015 RMB'000	2014 RMB'000
Renminbi	**1,252,975**	1,194,636
USD	**52,184**	71,784
EUR	**—**	2,077
	1,305,159	1,268,497

20. Trade and other payables (Continued)

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

	2015 RMB'000	2014 RMB'000
Payable for property, plant and equipment	**155,539**	163,519
Deposits payable	**110,404**	117,536
Salary and welfare payable	**82,664**	46,790
Accrued expenses	**87,606**	62,055
Marketing expenses payable	**74,816**	122,969
Advance from customers	**61,626**	52,542
Advertising expenses payable	**48,090**	82,195
Other taxes	**15,009**	33,270
Payable for land use rights	**12,175**	12,175
Interest payables	**7,855**	20,336
Others	**57,474**	44,044
	713,258	757,431

21. Borrowings

	2015 RMB'000	2014 RMB'000
Non-current		
Bank borrowings (a)	**882,930**	327,782
Corporate bond (b)	**1,417,377**	–
Finance lease liabilities (c)	**202,687**	–
	2,502,994	327,782
Current		
Bank borrowings (a)	**1,854,341**	3,130,667
Finance lease liabilities (c)	**53,713**	–
	1,908,054	3,130,667
Total borrowings	**4,411,048**	3,458,449

	2015 RMB'000	2014 RMB'000
Unsecured	**4,411,048**	3,458,449

21. Borrowings (Continued)

(a) Bank borrowings

As at 31 December 2015, the Group's bank borrowings were repayable as follows:

	2015 RMB'000	2014 RMB'000
Less than 1 year	**1,854,341**	3,130,667
Between 1 and 2 years	**869**	25,000
Between 2 and 5 years	**882,061**	302,782
Total bank borrowings	**2,737,271**	3,458,449

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

	2015	2014
Bank borrowings	**5.53%**	4.90%

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

The carrying amounts of current borrowings approximate their fair value since the maturity is no more than 1 year.

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

	2015 RMB'000	2014 RMB'000
USD	**2,478,401**	2,134,021
HKD	**—**	38,317
RMB	**258,870**	1,286,111
	2,737,271	3,458,449

21. Borrowings (continued)

(b) Corporate bond

On 7 July 2015, the Company issued credit enhanced bonds due 7 July 2018 (the "2018 Bonds"), with the benefit of an irrevocable Standby Letter of Credit provided by Agricultural Bank of China Limited New York Branch, in an aggregate principal amount of EUR200,000,000 and raised a net proceeds of EUR197,935,000 (equivalent to approximately RMB1,341,405,000). The 2018 Bonds bear interest rate at 1.55% per annum.

The 2018 Bonds recognised in the consolidated balance sheet was calculated as follows:

	RMB'000
Face value of the 2018 Bonds issued on 7 July 2015	1,354,262
Issuing expenses	(12,857)
Net proceeds for the issuance of the 2018 Bonds	1,341,405
Accumulated interest expenses up to 31 December 2015 (Note 28)	12,802
Effect of change in exchange rate	63,170
As at 31 December 2015	1,417,377

The face value of the 2018 Bonds as at 31 December 2015 is EUR200,000,000 (equivalent to approximately RMB1,419,040,000). The carrying value of the 2018 Bonds is calculated using cash flows discounted at an effective interest rate of 1.91% per annum.

(c) Finance lease liabilities

	2015 RMB'000	2014 RMB'000
Gross finance lease liabilities — minimum lease payments:		
Less than 1 year	**65,041**	—
Between 1 and 2 years	**62,921**	—
Between 2 and 5 years	**174,034**	—
	301,996	—
Less: Future finance charges on finance leases	**(45,596)**	—
Present value of finance lease liabilities	**256,400**	—

21. Borrowings (continued)

(c) Finance lease liabilities (continued)

	2015 RMB'000	2014 RMB'000
The present value of finance lease liabilities is as follows:		
Less than 1 year	**53,713**	–
Between 1 and 2 years	**53,713**	–
Between 2 and 5 years	**148,974**	–
	256,400	–

The Group's finance lease liabilities at the balance sheet dates were denominated in the following currencies:

	2015 RMB'000	2014 RMB'000
USD	**145,935**	–
RMB	**110,465**	–
	256,400	–

22. Deferred government grants

	2015 RMB'000	2014 RMB'000
Opening net amount at beginning of year	**62,202**	92,969
Credited to statement of comprehensive income (Note 24)	**(29,709)**	(30,767)
Closing net amount at end of year	**32,493**	62,202
At end of year		
Cost	**91,717**	130,922
Accumulated amortisation	**(59,224)**	(68,720)
Net book amount	**32,493**	62,202

22. Deferred government grants (continued)

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

	2015 RMB'000	2014 RMB'000
For acquisition of property, plant and equipment	**57,342**	58,076
For acquisition of land use right	**33,032**	43,763
For operating expenses over certain periods of time	**1,343**	29,083
	91,717	130,922

23. Convertible bonds

	2015 RMB'000	2014 RMB'000
Non-current		
The 2016 Convertible Bonds (a)	**—**	185,952
The 2019 Convertible Bonds (b)	**906,996**	674,430
	906,996	860,382
Current		
The 2016 Convertible Bonds (a)	**219,536**	—
	1,126,532	860,382

(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.

23. Convertible Bonds (continued)

(a) The 2016 Convertible Bonds (continued)

(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.

23. Convertible Bonds (continued)

(a) The 2016 Convertible Bonds (continued)

(vi) Redemption for Delisting or Change of Control (continued)

As at 31 December 2015, 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 embedded derivatives of the 2016 Convertible Bonds was determined using the binomial model, and the inputs into the model at the balance sheet dates were as follows:

The 2016 Convertible Bonds	2015	2014
Conversion price	**HK$6.812**	HK$6.812
Share price	**HK$3.550**	HK$2.900
Expected volatility[1]	**34.01%**	42.92%
Remaining life	**0.33 year**	1.33 years
Risk-free rate[2]	**0.05%**	0.27%

(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 2016 Convertible Bonds.

The gain on change in fair value of the embedded derivatives of the 2016 Convertible Bonds for the year ended 31 December 2015 of RMB1,242,000 (2014: RMB15,662,000) was recognised as "unrealised (loss)/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 2015 amounted to RMB30,753,000 (2014: RMB59,605,000), which was calculated using the effective interest method with an effective interest rate of 16.45%.

As at 31 December 2015, the 2016 Convertible Bonds have been reclassified as current liabilities since the maturity date is 29 April 2016.

23. Convertible Bonds (continued)

(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.

23. Convertible Bonds (continued)

(b) The 2019 Convertible Bonds (continued)

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

As at 31 December 2015, 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 of the 2019 Convertible Bonds was determined using the binomial model, and the inputs into the model at the balance sheet dates were as follows:

The 2019 Convertible Bonds	2015	2014
Conversion price	**HK$7.000**	HK$7.000
Share price	**HK$3.550**	HK$2.900
Expected volatility(1)	**45.86%**	41.34%
Remaining life	**3.33 years**	4.33 years
Risk-free rate(2)	**0.93%**	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 loss on change in fair value of the embedded derivatives of the 2019 Convertible Bonds for the year ended 31 December 2015 of RMB77,075,000 (2014: a gain of RMB305,125,000) and the amortisation of deferred loss on conversion component of RMB16,507,000 (2014: RMB12,143,000) were recognised as "unrealised (loss)/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 2015 amounted to RMB94,469,000 (2014: RMB66,288,000), which was calculated using the effective interest method with an effective interest rate of 13.95%.

23. Convertible Bonds (continued)

(c) The movements in the components of the 2016 Convertible Bonds and the 2019 Convertible Bonds during the year ended 31 December 2015 are set out below:

	The 2016 Convertible Bonds			The 2019 Convertible Bonds		
	Liability component RMB'000	Embedded derivatives RMB'000	Total RMB'000	Liability component RMB'000	Embedded derivatives RMB'000	Total RMB'000
As at 1 January 2015	184,710	1,242	185,952	664,287	10,143	674,430
Change in fair value of embedded derivatives	–	(1,242)	(1,242)	–	77,075	77,075
Amortisation of deferred loss on embedded derivatives	–	–	–	–	16,507	16,507
Interest expense	30,753	–	30,753	94,469	–	94,469
Interest paid	(8,161)	–	(8,161)	–	–	–
Unrealised exchange loss	12,234	–	12,234	44,515	–	44,515
As at 31 December 2015	219,536	–	219,536	803,271	103,725	906,996

(d) According to the valuation report issued by an independent qualified valuer, the fair value of the liability component of the 2016 Convertible Bonds and the 2019 Convertible Bonds at 31 December 2015 amounted to RMB223,886,000 and RMB922,072,000 respectively, which are calculated using cash flows discounted at a rate of 7.02% and 7.50% respectively.

24. Other income — net

	2015 RMB'000	2014 RMB'000
Government subsidy income	115,205	62,633
Net income from sales of materials and scrap	53,285	13,234
Amortisation of deferred government grants (Notes 22)	29,709	30,767
Investment income on available-for-sale financial assets	4,785	—
(Loss)/gain on disposals of property, plant and equipment and land use rights	(1,244)	1,446
Others	13,782	(2,978)
	215,522	105,102

25. Other gains — net

	2015 RMB'000	2014 RMB'000
Gain on disposal of subsidiaries (Note 36)	**302,699**	151,004

26. Expenses by nature

	2015 RMB'000	2014 RMB'000
Raw materials used in inventories (Note 15)	**2,508,647**	2,060,456
Employee benefit expense (Note 27)	**1,080,217**	590,224
Advertising and other marketing expenses	**704,759**	823,317
Depreciation of property, plant and equipment (Note 8)	**489,724**	518,886
Transportation and related charges	**257,977**	220,122
Water and electricity	**226,250**	213,982
City construction tax, property tax and other tax surcharges	**96,580**	91,353
Repairs and maintenance	**62,182**	67,790
Travelling expense	**59,445**	30,773
Rental expenses	**51,159**	18,347
Office and communication expenses	**40,957**	29,993
Amortisation of intangible assets (Note 9)	**24,935**	27,033
Amortisation of land use rights (Note 7)	**23,711**	25,177
Impairment loss for trade and other receivables (Note 14)	**8,825**	24,502
Impairment loss of inventories	**4,851**	5,463
Auditors' remuneration	**4,780**	4,980
(Reversal)/provision of impairment loss of long term prepayment	**(16,999)**	52,969
Other expenses	**72,366**	96,572
Total cost of sales, selling and marketing and administrative expenses	**5,700,366**	4,901,939

27. Employee benefit expense

	2015 RMB'000	2014 RMB'000
Wages and salaries	**959,403**	516,438
Contributions to pension plan and other benefits	**120,439**	61,272
Share-based compensation	**375**	12,514
	1,080,217	590,224

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

(b) Five highest paid individuals

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

	Number of individuals	
	2015	2014
Directors	**2**	1
Other senior management	**3**	4

The five highest paid individuals include two (2014: one) director whose emoluments were reflected in the analysis presented in Note 39. Details of remuneration of members of other senior management amongst the five highest paid individuals were as follows:

	2015 RMB'000	2014 RMB'000
Salaries, wages and bonuses	**3,301**	8,877
Contributions to pension plan	**79**	52
Welfare and other expenses	**97**	151
Share-based compensation	**—**	11,552
	3,477	20,632

27. Employee benefit expense (continued)

(b) Five highest paid individuals (continued)

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

	Number of individuals	
	2015	2014
HK$1,000,001–HK$1,500,000	**2**	—
HK$1,500,001–HK$2,000,000	**1**	1
HK$2,000,001–HK$2,500,000	**—**	1
HK$9,000,001–HK$9,500,000	**—**	1
HK$11,500,001–HK$12,000,000	**—**	1

28. Finance expenses

	2015 RMB'000	2014 RMB'000
Interest expenses:		
— Bank borrowings	**229,830**	216,468
— Convertible bonds (Note 23)	**125,222**	125,893
— Finance lease liabilities	**8,224**	—
— Corporate bond (Note 21)	**12,802**	—
Exchange loss (excluding convertible bonds)	**183,229**	8,678
Exchange loss on liability component of convertible bonds (Note 23)	**56,749**	3,112
Less: Interest expenses and exchange loss capitalised	**(65,816)**	(35,529)
	550,240	318,622
Weighted average effective interest rates used to calculate capitalisation amount on qualifying assets	**6.65%**	4.60%

29. Finance income

	2015 RMB'000	2014 RMB'000
Interest income from bank deposits	**19,625**	28,495

30. Income tax expense

	2015 RMB'000	2014 RMB'000
Deferred income tax charge/(credit) (Note 11)	**7,477**	(51,889)
Current income tax — PRC enterprise income tax	**105,378**	74,512
	112,855	22,623

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

	2015 RMB'000	2014 RMB'000
Loss before income tax	**(115,967)**	(104,385)
Tax calculated at the statutory tax rates of 25% (2014: 25%)	**(28,992)**	(26,096)
Tax effect:		
Fair value change in conversion right of convertible bonds not subject to tax	**23,085**	(77,161)
Loss on early redemption of convertible bonds not subject to tax	**—**	16,444
Impact of different tax rate	**51,221**	1,375
Expense not deductible for tax purpose	**4,602**	46,883
Tax losses for which no deferred income tax asset was recognized	**68,645**	62,171
Tax losses used in current year which no deferred income tax asset was recognised in prior year	**(5,706)**	(1,134)
Change in fair value of available-for-sale financial assets	**—**	141
Income tax expense	**112,855**	22,623

(a) Cayman Islands income tax

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

(b) As the Company is exempted from Cayman Islands income tax under the Companies Law of Cayman Islands, the fair value loss of conversion rights of convertible bonds is not deductible for income tax purposes.

30. Income tax expense (continued)

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

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

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

(e) According to the Corporate Income Tax Law of the PRC as approved by the National People's Congress on 16 March 2007, the profits of the PRC subsidiaries of the Group derived since 1 January 2008 will be subject to withholding tax at rates of 5% or 10% upon the distribution of such profits to foreign investors based in or companies incorporated in Hong Kong, or for other foreign investors respectively. The Group determined that no deferred withholding tax liabilities shall be recognised in respect of the profits of the PRC subsidiaries for the year ended 31 December 2014 and 2015 since the Group plans to reinvest such profits in the PRC and has no plan to distribute such profits in the foreseeable future.

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

31. Loss per share

(a) Basic

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

	2015 RMB'000	2014 RMB'000
Loss attributable to equity holders of the Company		
Basic loss attributable to ordinary shares	**(218,031)**	(100,591)
Basic loss attributable to convertible preference shares	**(10,785)**	(26,177)
	(228,816)	(126,768)

31. Loss per share (continued)

(a) Basic (continued)

	Ordinary shares 2015	Ordinary shares 2014	Convertible preference shares 2015	Convertible preference shares 2014
Weighted average number of shares outstanding for basic loss per share (thousands)	**2,533,664**	2,108,007	**125,327**	548,560

	2015	2014
Basic loss per ordinary share (RMB cents)	**(8.6)**	(4.8)
Basic loss per convertible preference share (RMB cents)	**(8.6)**	(4.8)

(b) Diluted

Diluted loss 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.

	2015 RMB'000	2014 RMB'000
Loss attributable to equity holders of the Company	**(228,816)**	(126,768)
Add: Interest expense relating to the 2019 Convertible Bonds (b)	**–**	66,288
Add: Unrealised exchange gain relating to the 2019 Convertible Bonds (b)	**–**	(3,188)
Less: Fair value change of the embedded derivatives of the 2019 Convertible Bonds (b)	**–**	(292,982)
Loss attributable to equity holders of the Company, used to determine diluted loss per share	**(228,816)**	(356,650)
Diluted loss attributable to ordinary shares	**(218,031)**	(286,335)
Diluted loss attributable to convertible preference shares	**(10,785)**	(70,315)
	(228,816)	(356,650)

31. Loss per share (continued)

(b) Diluted (continued)

	Ordinary shares		Convertible preference shares	
	2015	**2014**	**2015**	**2014**
Weighted average number of shares outstanding for basic loss per share (thousands)	**2,533,664**	2,108,007	**125,327**	548,560
Adjustment for the 2019 Convertible Bonds (b)	**–**	125,808	**–**	–
Weighted average number of shares outstanding for diluted loss per share (thousands)	**2,533,664**	2,233,815	**125,327**	548,560

	2015	**2014**
Diluted loss per ordinary share (RMB cents)	**(8.6)**	(12.8)
Diluted loss per convertible preference share (RMB cents)	**(8.6)**	(12.8)

For the purpose of calculating diluted loss per share for the years ended 31 December 2015 and 2014:

a) The 2016 Convertible Bonds are assumed to have been converted into ordinary shares and adjusted for the impact of interest expense of, unrealised exchange loss of and fair value changes of embedded derivatives of the 2016 Convertible Bonds. This potential adjustment results in an anti-dilutive effect in the calculation of diluted loss per share for the years ended 31 December 2015 and 2014;

b) The 2019 Convertible Bonds are assumed to have been converted into ordinary shares and adjusted for the impact of interest expense of, unrealised exchange (loss)/gain of and fair value changes of embedded derivatives of the 2019 Convertible Bonds. This potential adjustment results in an anti-dilutive effect in the calculation of diluted loss per share for the year ended 31 December 2015 and is dilutive for the year ended 31 December 2014;

c) The share options and share awards are assumed to have been exercised with no corresponding change in loss attributable to equity holders of the Company. This potential adjustment results in an anti-dilutive effect in the calculation of diluted loss per share for the years ended 31 December 2015 and 2014.

32. Dividends

The board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2015.

33. Notes to consolidated cash flow statement

	2015 RMB'000	2014 RMB'000
Loss before income tax	**(115,967)**	(104,385)
Adjustments for:		
– Share-based compensation (Note 27)	**375**	12,514
– Loss on early redemption of 2016 Convertible Bonds	**–**	65,776
– Unrealised loss/(gain) on change of fair value of embedded derivatives of convertible bonds (Note 23)	**92,340**	(308,644)
– Amortisation of deferred government grants (Note 22)	**(29,709)**	(30,767)
– Depreciation of property, plant and equipment (Note 8)	**489,724**	518,886
– Amortisation of intangible assets (Note 9)	**24,935**	27,033
– Amortisation of land use rights (Note 7)	**23,711**	25,177
– Impairment loss of inventories (Note 15)	**4,851**	5,463
– Impairment loss for trade and other receivables (Note 14)	**8,825**	24,502
– Gain on disposal of property, plant and equipment and land use rights (Note 24)	**1,244**	(1,446)
– Interest income from bank deposits (Note 29)	**(19,625)**	(28,495)
– Investment income on available-for-sale financial assets (Note 24)	**(4,785)**	–
– Interest expenses (Note 28)	**550,240**	318,622
– Gain on disposal of subsidiaries (Note 36)	**(302,699)**	(151,004)
– Share of loss of investments accounted for using the equity method (Note 13)	**(6,837)**	3,343
	716,623	376,575
Changes in working capital:		
– Inventories	**(74,018)**	108,571
– Trade and other receivables	**46,620**	(438,456)
– Trade and other payables	**(6,104)**	297,103
– Deferred revenue	**(1,612)**	426
Cash generated from operations	**681,509**	344,219

33. Notes to consolidated cash flow statement (continued)

Non-cash transactions

The principal non-cash transaction included:

(a) The purchase of property, plant and equipment amounting to RMB155,539,000 and RMB163,519,000 have not been settled as at 31 December 2015 and 2014;

(b) During the year ended 31 December 2015, the Group entered into certain finance lease arrangements on property, plant and equipment with third parties. As at 31 December 2015, the Group had finance lease liabilities with present value of RMB256,400,000.

34. Contingencies

As at 31 December 2015, the Group did not have any material contingent liabilities.

35. Commitments

(a) Capital commitments

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

	2015 RMB'000	2014 RMB'000
Purchase of property, plant and equipment	**241,216**	175,686

(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

	2015 RMB'000	2014 RMB'000
No later than 1 year	**5,850**	2,000
Later than 1 year and no later than 5 years	**25,400**	2,000
	31,250	4,000

36. Disposal of subsidiaries

On 18 June 2015, the Group entered into an equity transfer agreement with Beijing Founder Fubon Financing Asset Management Co. Ltd. ("Founder Fubon"), to transfer its entire equity interests in Jilin Huiyuan Food & Beverage Co., Ltd., Beijing Huiyuan Group Xianyang Beverage & Food Co., Ltd., Jiangxi Huiyuan Food & Beverage Co., Ltd., Jinzhou Huiyuan Food & Beverage Co., Ltd., Shandong Huiyuan Food & Beverage Co., Ltd., Shandong Shengshuiyu Mineral Water Co., Ltd., Shandong Xinming Huiyuan Food & Beverage Co., Ltd., Shanxi Huiyuan Food & Beverage Co., Ltd. and Zhaodong Huiyuan Food & Beverage Co., Ltd. (collectively, the "Disposed Entities", all of which are wholly-owned subsidiaries of the Company), for a total cash consideration of RMB1,812,000,000. The above disposal was completed on 30 June 2015 (the "Disposal Date").

	2015 RMB'000
Consideration satisfied by	
Cash	**1,812,000**
Gain on disposal of the Disposed Entities	
Total consideration	**1,812,000**
Net assets of the Disposed Entities — shown as below	**(1,509,301)**
	302,699

The assets and liabilities of the Disposed Entities as of the Disposal Date:

	Carrying value RMB'000
Property, plant and equipment	897,124
Land use rights	167,050
Intangible assets	14,449
Trade and other receivables	644,872
Cash and cash equivalents	12,368
Trade and other payables	(183,320)
Borrowings	(43,242)
Net assets of the Disposed Entities	1,509,301
Cash inflows arising from disposal of the Disposed Entities for year ended 31 December 2015	
Proceeds received in cash	1,812,000
Cash and cash equivalents in the Disposed Entities	(12,368)
Cash paid to settle the amounts due to the Disposed Entities	(470,675)
Cash inflows on the disposal during the year	1,328,957

37. Related-party transactions

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

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

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

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

	2015 RMB'000	2014 RMB'000
Sales of goods and services		
Sales of products, raw materials and services to associates	**118,971**	97,793
Sales of products and raw materials to a joint venture	**15,238**	—
Sales of recyclable containers to companies benefially owned by Mr. Zhu Xinli	**14,035**	11,989
	148,244	109,782
Purchase of materials and services		
Purchase of products and raw materials from an associate	**328,651**	—
Purchase of transportation service from companies beneficially owned by Mr. Zhu Xinli	**148,702**	18,627
Purchase of raw materials from companies beneficially owned by Mr. Zhu Xinli	**120,984**	136,677
Purchase of products and raw materials from a joint venture	**9,025**	—
	607,362	155,304

37. Related-party transactions (continued)

(b) (continued)

Key management compensation

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

	2015 RMB'000	2014 RMB'000
Salaries, wages and bonuses	**9,203**	17,754
Contributions to pension plan	**182**	254
Welfare and other expenses	**310**	913
Share-based compensation	**375**	12,514
	10,070	31,435

In the years of 2014 and 2015, one subsidiary of the Group, Beijing Huiyuan Food & Beverage Co., Ltd has been using and will continue to use certain offices premises owned by Beijing Huiyuan Beverage & Food Group Co. Ltd., a related company beneficially owned by Mr. Zhu Xinli, at nil cost.

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

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

	2015 RMB'000	2014 RMB'000
Trade receivables (Note 14(a))	**65,444**	51,339
Other receivables and prepayments	**92,438**	—
Trade payables (Note 20(a))	**47,936**	45,848
Other payables	**1,768**	51,324

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

38. Balance sheet and reserve movement of the Company

Balance sheet of the Company:

	As at 31 December	
	2015 RMB'000	2014 RMB'000
ASSETS		
Non-current assets		
Interests in subsidiaries	**13,015,299**	13,121,269
Loans to subsidiaries	**135,665**	124,606
Total non-current assets	**13,150,964**	13,245,875
Current assets		
Cash and cash equivalents	**79,441**	301,648
Short-term bank deposit	**78,047**	—
Amounts due from subsidiaries	**1,640,630**	—
Total current assets	**1,798,118**	301,648
Total assets	**14,949,082**	13,547,523
EQUITY		
Equity attributable to owners of the parent		
Share capital	**181**	180
Share premium	**8,341,716**	8,303,542
Convertible preference shares	**541,474**	541,474
Reserves (Note a)	**1,066,244**	1,700,003
Total equity	**9,949,615**	10,545,199
LIABILITIES		
Non-current liabilities		
Borrowings	**2,299,438**	291,671
Convertible Bonds	**906,996**	860,382
Total non-current liabilities	**3,206,434**	1,152,053
Current liabilities		
Other payables	**6,378**	7,921
Borrowings	**1,567,119**	1,842,350
Convertible Bonds	**219,536**	—
Total current liabilities	**1,793,033**	1,850,271
Total liabilities	**4,999,467**	3,002,324
Total equity and liabilities	**14,949,082**	13,547,523

The balance sheet of the Company was approved by the Board of Directors on 29 March 2016 and was signed on its behalf.

Director Director

38. Balance sheet and reserve movement of the Company (continued)

Note (a): Reserve movement of the Company

	Reserves RMB'000
At 1 January 2015	1,700,003
Loss for the year	(634,134)
Share-based compensation	375
At 31 December 2015	**1,066,244**
At 1 January 2014	1,729,542
Loss for the year	(42,053)
Share-based compensation	12,514
At 31 December 2014	1,700,003

39. Benefits and interests of directors

The remuneration of every director for the year ended 31 December 2015 is set out below:

Name	Fees RMB'000	Salary RMB'000	Estimated money value of other benefits[i] RMB'000	Contributions to pension plan RMB'000	Employer's contribution to welfare and other expenses RMB'000	Total RMB'000
Directors						
Mr. Zhu Xinli	–	1,320	–	–	83	1,403
Ms. Zhu Shengqin	–	1,231	–	–	–	1,231
Mr. Cui Xianguo	–	720	–	26	32	778
Mr. Leung Man Kit	409	–	142	–	–	551
Mr. Song Quanhou	232	–	142	–	–	374
Mr. Wang Wei[ii]	58	–	–	–	–	58
Mr. Zhao Chen[iii]	142	–	(192)	–	–	(50)
Ms. Zhao Yali	200	–	142	–	–	342
Mr. Andrew Y. Yan	–	–	142	–	–	142

(i) Other benefits represent share options. The values of share options are based on the annual charge/(reversal) of the share-based payment.

(ii) Mr. Wang Wei was appointed as an independent non-executive director of the Company with effect from 16 September 2015.

(iii) Mr. Zhao Chen ceased to be an independent non-executive director of the Company with effect from 16 September 2015.

39. Benefits and interests of directors (continued)

The remuneration of every director for the year ended 31 December 2014 (restated) is set out below:

Name	Fees RMB'000	Salary RMB'000	Estimated money value of other benefits RMB'000	Contributions to pension plan RMB'000	Employer's contribution to welfare and other expenses RMB'000	Total RMB'000
Mr. Zhu Xinli	—	1,320	—	—	83	**1,403**
Ms. Zhu Shengqin(iv)	—	775	—	26	32	**833**
Mr. Cui Xianguo(v)	—	720	—	26	32	**778**
Mr. Leung Man Kit	392	—	192	—	—	**584**
Mr. Song Quanhou	232	—	192	—	—	**424**
Mr. Zhao Chen	200	—	192	—	—	**392**
Ms. Zhao Yali	200	—	192	—	—	**392**
Mr. Andrew Y.Yan	—	—	192	—	—	**192**
Mr. Li Wen-chieh(vi)	—	—	—	—	—	**–**
Mr. Jiang Xu(vii)	—	—	—	—	—	**–**

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

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

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

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

During the year ended 31 December 2015, no payments or benefits in respect of termination of director's services were paid or made, directly or indirectly, to or receivable by a director; nor are any payable (2014: nil).

During the year ended 31 December 2015, no consideration was provided to or receivable by third parties for making available director's services (2014: nil).

During the year ended 31 December 2015, there were no loans, quasi-loans or other dealings in favour of directors, controlled bodies corporate by and connected entities (2014: nil).

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2015 (2014: nil).

Glossary of Terms

"Board"	the board of directors of our Company
"BVI"	the British Virgin Islands
"China Huiyuan Holdings"	China Hui Yuan Juice Holdings Co., Ltd. (中國滙源果汁控股有限公司), a limited liability company incorporated in the Cayman Islands
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company", "our Company", "Huiyuan", "we", "us" or "our"	China Huiyuan Juice Group Limited (中國滙源果汁集團有限公司), a limited liability company incorporated in the Cayman Islands on 14 September 2006, and where the context otherwise requires, all of its subsidiaries and associated companies
"Director(s)"	the director(s) of the Company
"Financial Management and Audit Committee"	the financial management and audit committee of the Company as set up by the Board on 21 September 2006
"Group" or "Huiyuan Juice"	the Company and its subsidiaries at the relevant time or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the present subsidiaries of the Company or the businesses operated by the present subsidiaries or (as the case may be) its predecessor
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The 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
"Latest Practicable Date"	14 April 2016, being the latest practicable date before printing of this annual report for ascertaining information contained herein

Glossary of Terms (Continued)

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

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