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

INTERIM REPORT 2017

About Us

China Huiyuan Juice Group Limited (the "Company", together with its subsidiaries, the "Group" or "Huiyuan Juice" or "Huiyuan"), a leading fruit and vegetable juice producer operating on a full-range industrial chain in China, is principally engaged in the production and sale of fruit juice, fruit and vegetable juice and other beverages. As at the date of this report, the Group has 40 subsidiaries with 3,965 employees. Juice products of Huiyuan Juice are categorized into 100% juice, nectars and juice drinks based on juice concentration. According to the research on Chinese retail sector conducted by Nielsen in the first half of 2017, the Group's 100% juice and nectars continue to rank as the market leader with market shares of 45.8% and 35.3%, respectively, each by sales volume. Most of the products of the Group are sold under the brand of "Huiyuan". The Group believes that "Huiyuan" juice is one of the most familiar brands and recognized fruit and vegetable juices among Chinese consumers.

Contents

Financial Highlights

Comparison of the unaudited consolidated results for the first half of 2017 and the first half of 2016

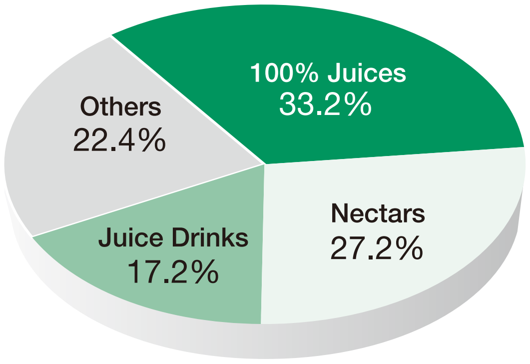
	For the six months ended 30 June (RMB'000) 2017	2016
Revenue	**2,801,666**	2,686,497
Cost of sales	**1,586,369**	1,611,998
Gross profit	**1,215,297**	1,074,499
Profit attributable to equity holders of the Company	**55,921**	31,371
Adjusted profit attributable to equity holders of the Company (Note 1)	**297,038**	115,213
EBITDA (Note 2)	**818,437**	473,750
Earnings per share (RMB cents) (Note 3)		
— basic	**2.1**	1.2
— diluted	**2.1**	0.0

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

Note 2: The calculation of EBITDA is gross profit minus selling and marketing expenses and administrative expenses, adding back depreciation of property, plant and equipment, amortisation of deferred government grants, amortisation of intangible assets, amortisation of land use rights, government subsidy income, finance income and net income from sales of materials and scrap.

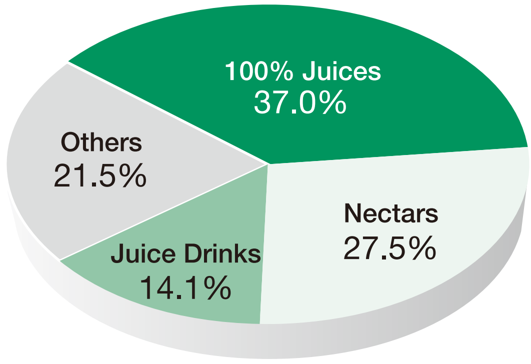
Note 3: Please refer to Note 21 to the Condensed Consolidated Interim Financial Information for the calculation of earnings per share.

Revenue by product



2016

For the six months ended 30 June



2017

For the six months ended 30 June

Financial ratio (Based on the unaudited consolidated results for the first half of 2017 and the first half of 2016)

	For the six months ended 30 June		
	2017	2016	Change
Return on equity	**0.5%**	0.3%	0.2%
Return on assets	**0.3%**	0.2%	0.1%
Gearing ratio (total debt/total equity attributable to equity holders) (Note 1)	**82.5%**	58.0%	24.5%

Operating ratio (Note 2)

	For the six months ended 30 June		
	2017	2016	Change
Turnover of finished goods	**21 days**	29 days	-8 days
Turnover of raw materials	**114 days**	112 days	+2 days
Turnover of trade receivables	**187 days**	138 days	+49 days
Turnover of trade payables	**191 days**	159 days	+32 days

Note 1: The total debt includes total borrowings (including corporate bonds and finance lease liabilities) of RMB8,578.3 million as at 30 June 2017 (as at 30 June 2016: RMB5,171.1 million). As at 30 June 2016, it also included convertible bonds of RMB818.3 million, which amounted to RMB0 as at 30 June 2017.

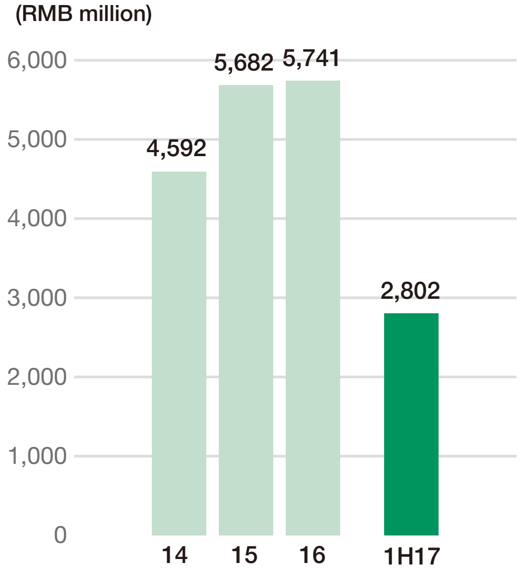
Note 2: The turnover of finished goods as at 30 June is calculated as the average balance of finished goods as at 1 January and 30 June divided by cost of sales for the period multiplied by 182.5 days (365 divided by 2).

The turnover of raw materials as at 30 June is calculated as the average balance of raw materials as at 1 January and 30 June divided by raw materials used for the period multiplied by 182.5 days (365 divided by 2).

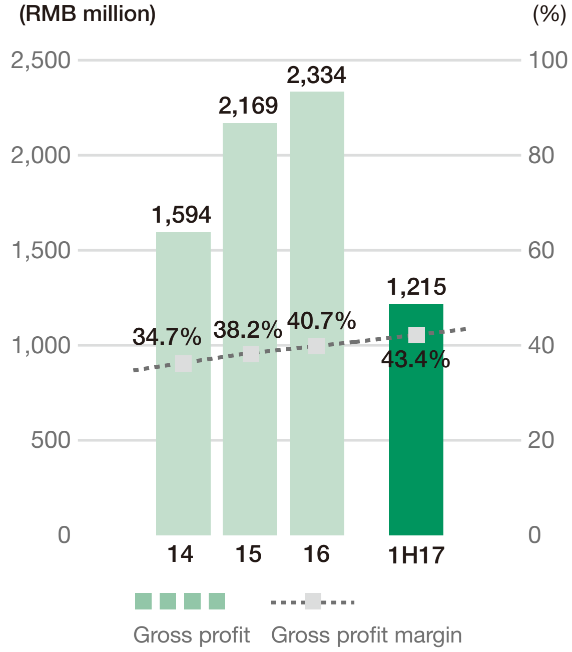
The turnover of trade receivables as at 30 June is calculated as the total average balance of trade receivables and bills receivable as at 1 January and 30 June divided by revenue for the period multiplied by 182.5 days (365 divided by 2).

The turnover of trade payables as at 30 June is calculated as the total average balance of trade payables as at 1 January and 30 June divided by cost of sales for the period multiplied by 182.5 days (365 divided by 2).

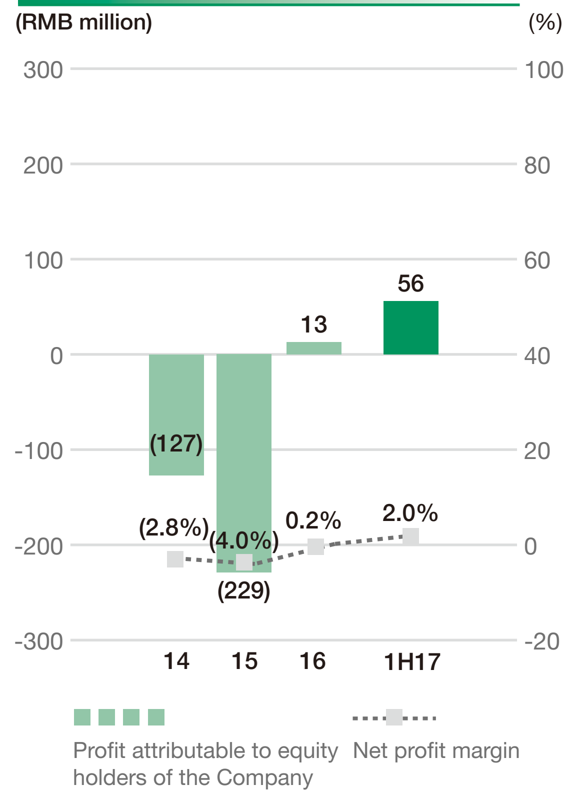
Revenue



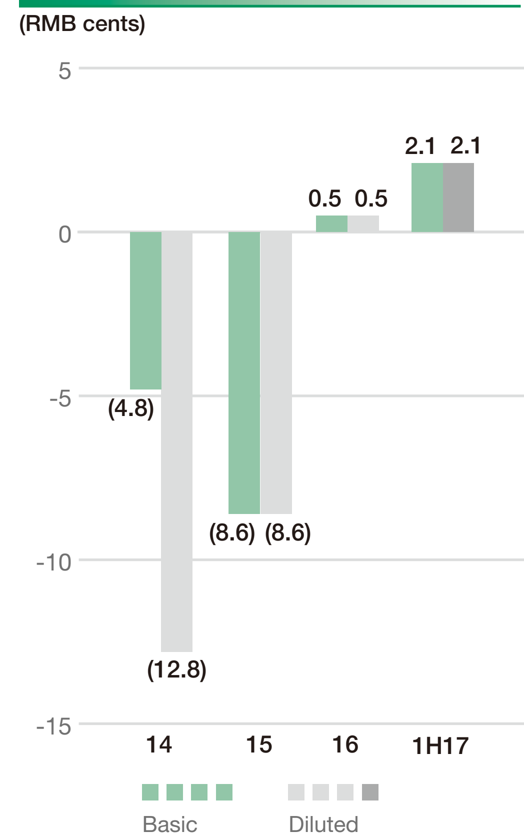
Gross profit



Profit/(loss) Attributable to Equity Holders of the Company



Earnings/(loss) per Share



Management Discussion and Analysis

MARKET REVIEW

During the first half of 2017, under the combined action of further advancement in innovative reforms as well as the continuous effects of macroeconomic policies, the Chinese national economy has continuously maintained a growth momentum featuring stability, progression and prosperity in general; the economic structure continued to optimize due to the progress of supply-side structural reformation and industrial structure optimization. In the first half of 2017, China recorded RMB38,149 billion in GDP, representing a year-on-year growth of 6.9%, in terms of comparable prices. Total retail sales of social consumer goods were RMB17,236.9 billion, with a year-on-year growth of 10.4%. National per capita disposable income was RMB12,932, with a nominal year-on-year growth of 8.8%; net of the price factors, the real growth was 7.3%. National per capita consumption expenditure was RMB8,834, with a nominal year-on-year growth of 7.6%; net of the price factors, the real growth was 6.1%. The contribution of final consumption expenditure to GDP growth was 63.4%, remaining as the dominant driving force of economic growth. Overall, since the beginning of this year, the Chinese economy has been growing steadily, the per capita disposable income and consumption expenditure has recorded considerable increase.

According to Nielsen, in the first half of 2017, the overall sales of beverage industry increased by 9.0% while the sales of fruit juice industry increased by 1.2% year-on-year. Amongst these sales, 100% juice recorded a year-on-year growth of 27.1%, nectar having 26–99% concentration recorded a growth of 11.3% year-on-year, juice drinks having 0–25% concentration recorded a year-on-year negative growth of -7.4%. The year-on-year drop in the sales of juice drinks was attributable to factors such as the lack of innovative products and the unhealthy artificial ingredients associated with the product genre; but 100% juice and nectar have maintained steady growth. This fully illustrated that the healthy concept awareness of consumers is driving an acceleration of juice products consumption evolution.

For the first half of 2017	Market Share By Volume (%)	Market Share By Value (%)
100% Juice		
Huiyuan Juice	45.8	37.5
Second ranked competitor	28.1	33.1
Third ranked competitor	6.8	8.4
Fourth ranked competitor	3.8	3.3
Fifth ranked competitor	1.6	0.9
26%–99% Concentration (Note 1)		
Huiyuan Juice	35.3	25.4
Second ranked competitor	24.4	19.0
Third ranked competitor	7.1	8.2
Fourth ranked competitor	3.0	4.2
Fifth ranked competitor	2.7	4.8
25% & Below Concentration		
First ranked competitor	38.2	37.3
Second ranked competitor	21.2	17.6
Third ranked competitor	18.3	17.9
Fourth ranked competitor	5.3	8.2
Fifth ranked competitor	4.2	4.0
Huiyuan Juice	2.1	1.9

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

BUSINESS REVIEW

Overview

As the leading fruit and vegetable juice manufacturer in China, during the first half of 2017, we continued to concentrate on our core business, consolidating our position as a leader in the 100% juice market. As the juice consumption level in China and the purchase power of young customers improve, the Company is dedicated to take its products to the next level. Our R&D is focused on developing new products that are higher end, trendier, and more convenient to consume; while upgrading our existing products. Our marketing made use of the new media platforms to complement our traditional media channels. Our sales have now a hybrid system combining both direct sales and distributor networks, online as well as offline distribution channels. Our goal is to build a nationwide click and mortar sales network that covers both traditional channels and modern ones. And through these networks, we will continue to boost our brand's influence. The management of our production was also improved. Quality is always our first priority, on top of which, by utilizing more advanced technology such as informationization, we have further lowered our manufacturing costs. By taking these measures, we have again achieved growth in our core business, improved our margins, and reported significantly better cash flow in the first half of 2017.

In the six months ended 30 June 2017, the Group recorded revenue of RMB2,801.7 million, representing an increase of 4.3% from RMB2,686.5 million for the six months ended 30 June 2016. Profit attributable to equity holders of the Company was RMB55.9 million as compared to RMB31.4 million for the corresponding period in 2016.

FINANCIAL REVIEW

Overview

In the six months ended 30 June 2017, the Group recorded revenue of RMB2,801.7 million, an increase of 4.3% from RMB2,686.5 million for the six months ended 30 June 2016. Profit attributable to equity holders of the Company was RMB55.9 million as compared to RMB31.4 million for the corresponding period in 2016.

Revenue

Revenue of the Group's products, comprising 100% juice, nectars, juice drinks and other beverage products increased by 4.3% from RMB2,686.5 million in the first half of 2016 to RMB2,801.7 million in the first half of 2017.

Revenue of 100% juice, which accounted for 37.0% of the Group's total revenue, increased by 16.1% from RMB892.5 million in the first half of 2016 to RMB1,036.1 million in the first half of 2017. Sales volume for the period increased by 2.9% as compared to the corresponding period last year and average selling price increased by 12.8%.

Revenue of nectars, which accounted for 27.5% of the Group's total revenue, increased by 5.5% from RMB730.3 million in the first half of 2016 to RMB770.6 million in the first half of 2017. Sales volume for the period increased by 6.1% as compared to the corresponding period last year while average selling price decreased by 0.5%.

Revenue of juice drinks, which accounted for 14.1% of the Group's total revenue, decreased by 14.6% from RMB461.1 million in the first half of 2016 to RMB393.9 million in the first half of 2017. Sales volume for the period decreased by 9.1% as compared to the corresponding period last year and average selling price decreased by 6.1%.

The revenue of other beverage products decreased by 0.3% from RMB602.7 million in the first half of 2016 to RMB601.1 million in the first half of 2017.

Cost of Sales

Cost of sales decreased by 1.6% from RMB1,612.0 million for the six months ended 30 June 2016 to RMB1,586.4 million for the six months ended 30 June 2017. The decrease in cost of sales was mainly attributable to the continued effort in enhancing our production management, our cost of sales has dropped through measures like centralised production scheduling and wastage control.

Gross Profit

Gross profit increased by 13.1% from RMB1,074.5 million for the six months ended 30 June 2016 to RMB1,215.3 million for the six months ended 30 June 2017. Gross profit margin increased 3.4 percentage points from 40.0% for the six months ended 30 June 2016 to 43.4% for the corresponding period in 2017. Gross profit margin increased primarily because of the optimization of the product sales.

Other Income

Other income decreased by 70.0% from RMB102.5 million for the six months ended 30 June 2016 to RMB30.7 million for the corresponding period in 2017. Other income consists primarily of income from the sales of raw materials and scrap and government subsidy income. Other income decreased primarily due to the decrease in government subsidy income of RMB68.3 million.

Selling and Marketing Expenses

Selling and marketing expenses decreased by 26.2% from RMB782.5 million for the six months ended 30 June 2016 to RMB577.4 million for the corresponding period in 2017, due to the decrease in marketing expenses and employee benefit expenses.

Administrative Expenses

Administrative expenses decreased by 38.6% from RMB194.6 million for the six months ended 30 June 2016 to RMB119.4 million for the corresponding period in 2017. The decrease in administrative expenses was mainly due to the decrease of impairment loss for trade and other receivables, amortisation of land use rights and employee benefit expenses. Administrative expenses as a percentage of revenue have decreased from 7.2% for the six months ended 30 June 2016 to 4.3% for the six months ended 30 June 2017.

Finance Income/Expenses

The Group recorded a net finance expenses of RMB287.9 million for the six months ended 30 June 2017 as compared to RMB255.3 million for the corresponding period in 2016.

Income Tax Expenses

In the first half of 2017, the Company recorded an income tax expense of RMB87.0 million compared to RMB13.4 million for the corresponding period in 2016. The increase in income tax expense was mainly due to the increase in profit before income tax of the Company's subsidiaries.

Profit Attributable to Equity Holders of the Company

The Group recorded a profit attributable to equity holders of the Company of RMB55.9 million for the six months ended 30 June 2017 as compared with RMB31.4 million for the corresponding period in 2016. The adjusted profit attributable to equity holders of the Company for the six months ended 30 June 2017 was RMB297.0 million as compared with RMB115.2 million for the corresponding period in 2016.

Liquidity and Capital Resources

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

As at 30 June 2017, the Group had an aggregate of RMB8,578.3 million in outstanding borrowings (including corporate bonds and finance lease liabilities) as compared to RMB6,294.5 million in outstanding borrowings (including corporate bonds and finance lease liabilities) and RMB929.8 million in outstanding convertible bonds as at 31 December 2016. The gearing ratio is calculated by dividing total borrowings (including convertible bond if applicable) over total equity attributable to equity holders of the Company. As at 30 June 2017, the gearing ratio was 82.5%. As at 31 December 2016, the gearing ratio was 70.0% (including convertible bonds) and 61.0% (excluding convertible bonds), respectively.

The Group's borrowings primarily include bank borrowings, corporate bonds, finance lease liabilities and other borrowings. As at 30 June 2017, the Group had the following indebtedness:

	Repayable within one year (RMB in million)	Repayable after one year (RMB in million)	Total (RMB in million)
Bank borrowings	2,385.9	1,220.3	3,606.2
Corporate bonds	2,006.1	1,543.9	3,550.0
Finance lease liabilities	63.3	154.3	217.6
Other borrowings	1,124.1	80.4	1,204.5
Total	5,579.4	2,998.9	8,578.3
Analysed as:			
Unsecured	4,455.3	2,918.5	7,373.8
Secured	1,124.1	80.4	1,204.5
Total	5,579.4	2,998.9	8,578.3

Operating activities

Net cash generated from operating activities was RMB140.7 million in the first six months of 2017. The Group's profit before income tax for the corresponding period was RMB141.4 million. The difference of RMB0.7 million was primarily due to the depreciation of property, plant and equipment of RMB228.7 million, loss from early redemption of convertible bonds of RMB111.5 million and exchange loss of RMB106.4 million, which was partially offset by the increase of trade and other receivables of RMB464.1 million.

Investing activities

Net cash generated from investing activities for the first six months of 2017 was RMB1,037.5 million as compared to net cash used in investing activities of RMB1,078.2 million for the corresponding period in 2016. The net cash inflows for the six months ended 30 June 2017 are mainly due to the net decrease in restricted cash and short-term bank deposits of RMB969.1 million and consideration received in relation to the disposal of sale offices in 2016 which amounted to RMB190.3 million.

Financing activities

Net cash generated from financing activities for the first six months of 2017 was RMB1,098.1 million as compared to RMB340.3 million for the corresponding period in 2016.

Capital Expenditure

Capital expenditures primarily comprised purchase of property, plant and equipment and land use rights. The Group's total capital expenditures during the first half of 2017 decreased significantly compared to the corresponding period in 2016. During the first half of 2017, the Group spent RMB115.3 million on the purchase of property, plant and equipment and RMB2.0 million on the purchase of land use rights.

As at 30 June 2017, the Group had capital commitments of RMB20.6 million for the purchase of property, plant and equipment.

The Group plans to finance its capital expenditure requirements in the second half of 2017 primarily with cash generated from its operations as well as borrowings.

Analysis on Turnover of Inventories and Trade Receivables

The Group's inventories primarily consist of raw materials (including packaging materials, juice concentrates, purees and sugars) and finished goods (including juice and other beverage products). Raw materials make up the majority of the Group's inventories. Turnover days for raw materials increased from 112 days during the six months ended 30 June 2016 to 114 days during the six months ended 30 June 2017, and turnover days for finished goods decreased from 29 days during the six months ended 30 June 2016 to 21 days during the six months ended 30 June 2017.

Turnover days for trade receivables increased to 187 days during the six months ended 30 June 2017 from 138 days during the six months ended 30 June 2016.

Contingent liabilities

As at 30 June 2017, the Group did not have any material contingent liabilities.

Off-Balance Sheet Transactions

As at 30 June 2017, the Group had not entered into any off-balance sheet transactions.

Pledge of Assets

As at 30 June 2017, property, plant, equipment with carrying amount of RMB230.3 million were pledged to secure certain borrowings. In addition, trade receivables of the Group with carrying amount of RMB1,030.0 million were held by a trust company under an asset securitisation arrangement.

Capital Leases

As at 30 June 2017, the Group has certain finance lease arrangements on property, plant and equipment with third parties. As at 30 June 2017, the Group had finance lease liabilities with present value of RMB217.6 million and undiscounted contractual amount of RMB246.6 million, respectively.

MAJOR INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2017, the Company had no major investments, acquisitions and disposals.

MARKET RISKS

The activities of the Group expose 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 is carried out by the group treasury which identifies, evaluates and hedges 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. As at each balance sheet date, substantially all of the Group's borrowings were carried at market lending rates.

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 United States Dollar ("USD") and Euro ("EUR"). The Group is also exposed to foreign currency exchange risk arising from the bank deposits, available-for-sale financial assets, convertible bonds and borrowings (including corporate bonds and finance lease liabilities) denominated in USD and EUR. The Group did not use forward contract/derivative instruments during the six months ended 30 June 2017 but may use them from time to time to hedge against certain material foreign exchange exposures.

As at 30 June 2017, if RMB strengthened/weakened by 5% against USD with all other variables remaining unchanged, the Group's post-tax profit for the six months ended 30 June 2017 would have been increased/decreased by RMB97,187,000 (30 June 2016: RMB144,238,000), mainly due to the foreign exchange gains/losses on retranslation of borrowings (including finance lease liabilities) denominated in USD.

As at 30 June 2017, if RMB strengthened/weakened by 5% against EUR with all other variables remaining unchanged, the Group's post-tax profit for the six months ended 30 June 2017 would have been increased/decreased by RMB131,832,000 (30 June 2016: RMB69,413,000), mainly due to the foreign exchange gains/losses on retranslation of borrowings (including corporate bonds) denominated in EUR.

EMPLOYEES AND WELFARE CONTRIBUTION

As at 30 June 2017, the Group had 3,965 employees (31 December 2016: 4,266 employees). The emolument policy of the employees of the Group is determined by the Board on the basis of merit, qualifications and competence.

The emoluments payable to the Directors are subject to their respective terms of engagement approved by the Remuneration and Nomination Committee of the Board, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has also adopted the share option schemes as incentive for the Directors and eligible employees.

FUTURE PROSPECTS

With the stable growth of domestic economy in China and more effects attributable to reform measures coming out, the Company expects that the domestic economy will continue to grow steadily while consumer products market will upgrade. Optimistic sentiment can be anticipated in the development of the fruit juice drinks market, especially about 100% juice products.

In the second half of 2017, the Company will continue to focus on the core operating business to maintain its dominant position in markets of both 100% juice and nectars. The Company places a keen focus on future profitability. As the demographics of consumers and their preferences change, we want to make our brand more attractive to young consumers and maximise shareholder value by optimising product portfolio, polishing production procedures, integrating information technologies into our management, and introducing more innovations to our marketing.

Directors' Report

The Directors of the Company are pleased to present the condensed consolidated interim results of the Group for the six months ended 30 June 2017.

Interim Dividend

The Directors proposed not to declare any interim dividend for the six-month period ended 30 June 2017.

Financial Management and Audit Committee

The Financial Management and Audit Committee of the Company was established on 21 September 2006. The Board has adopted its terms of reference in compliance with 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") since its listing on the Hong Kong Stock Exchange in 2007. As at 30 June 2017, the Financial Management and Audit Committee consisted of three members, namely Mr. Leung Man Kit (chairman), Mr. Song Quanhou and Mr. Wang Wei, all of whom are independent non-executive Directors.

The Financial Management and Audit Committee of the Company has reviewed the accounting principles and practices, and has joined with the management of the Company and its external auditor to review the auditing, internal control and financial reporting matters, including the review of the interim results of the Group for the six months ended 30 June 2017.

In addition, the Company's external auditor, PricewaterhouseCoopers, has performed an independent review of the Group's interim financial information for the six months ended 30 June 2017 in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Based on their review, PricewaterhouseCoopers confirmed that nothing has come to their attention which indicates that the interim financial information was not prepared, in all material respects, in accordance with the International Accounting Standard 34 "Interim Financial Reporting".

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 30 December 2014, the Company as borrower entered into a facility agreement (the "2014 Facility Agreement") with a bank in relation to a two-year term loan facility with an aggregate principal amount of US$48,000,000. On 30 December 2016, the Company entered into an amendment agreement with, inter alia, the lender (together with the 2014 Facility Agreement, the "Amended 2014 Facility Agreement") pursuant to which the parties agreed, among other things, to extend the termination date of the 2014 Facility to 28 February 2017. This outstanding amount was fully repaid on 28 February 2017. Pursuant to the terms of the 2014 Facility Agreement (as amended), the lender may by notice to the Company cancel the facility, and/or declare all or part of the loans, together with accrued interest and all other amounts accrued or outstanding under the Finance Document (as defined in the 2014 Facility Agreement) be immediately due and payable or payable on demand in event that Mr. Zhu Xinli ceases to be, directly or indirectly, the single largest shareholder of the Company or to own, directly or indirectly, at least thirty percent (30%) of each class of the entire issued share capital of the Company.

- On 4 September 2015, the Company as borrower entered into a facility agreement (the "2015 Facility Agreement") with certain banks in relation to a three-year term loan facility with 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. On 17 August 2016, the Company repaid US$65,670,000 to the lenders. On 18 August 2017, the Company repaid the remaining US$131,330,000 to the lenders. Pursuant to the terms of the 2015 Facility Agreement, the lenders may by notice to the Company cancel the facility and declare all or part of the loans, together with accrued interest, and all other amounts accrued or outstanding under the 2015 Facility Agreement immediately due and payable or payable on demand in the event that Mr. Zhu Xinli: (i) does not or ceases to maintain control (including control of the management and business) of the Group; (ii) is not or ceases to be the chairman or executive director of the Company; (iii) does not or ceases to beneficially own, directly or indirectly, at least 40% of the issued share capital of the Company; or (iv) is not or ceases to be the largest shareholder of the Company.

- On 27 March 2017, the Company as borrower entered into a facility agreement (the "2017 Facility Agreement") with certain banks relating to a three-year term loan facility in an aggregate principal amount of EUR160 million in respect of the original lenders and not exceeding EUR400 million as a result of any additional lenders. Pursuant to the terms of the 2017 Facility Agreement, certain lenders may by notice to the Company cancel the facility and declare all or part of the loans, together with accrued interest, and all other amounts accrued or outstanding under the 2017 Facility Agreement immediately due and payable or payable on demand in the event that Mr. Zhu Xinli: (i) does not or ceases to maintain control (including control of the management and business) of the Group; (ii) is not or ceases to be the chairman or executive director of the Company; (iii) does not or ceases to beneficially own, directly or indirectly, at least 40% of the issued share capital of the Company; or (iv) is not or ceases to be the largest shareholder of the Company.

As at 30 June 2017, the outstanding amount owed by the Company under the 2014 Facility Agreement, the 2015 Facility Agreement and the 2017 Facility Agreement was Nil, US$131,330,000 and EUR160,000,000, respectively.

All remaining outstanding principal amount and accrued and outstanding interests of the 2015 Facility Agreement was fully repaid on 18 August 2017.

Further details of the borrowings of the Group as at 30 June 2017 are set out in note 14 to the unaudited condensed consolidated interim financial information.

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

As at 30 June 2017, the interests and short positions of the Directors and chief executives of the Company in the share capital, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange 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 30 June 2017

Name of Director	Personal Interest	Family Interest	Corporate Interest	Other Interest	Number of shares	Percentage of the Company's issued shares
Zhu Xinli	–	–	1,737,342,985[a]	–	1,737,342,985	65.03%
Andrew Y. Yan	–	–	224,997,501[b]	–	224,997,501	8.42%
	150,000[c]	–	–	–	150,000	0.01%
Leung Man Kit	150,000[c]	–	–	–	150,000	0.01%
Song Quanhou	150,000[c]	–	–	–	150,000	0.01%
Zhao Yali	150,000[c]	–	–	–	150,000	0.01%

Notes:

(a) These Shares were beneficially owned by China Hui Yuan Juice Holdings Co. Ltd. ("China Huiyuan Holdings") which is indirectly wholly-owned by Mr. Zhu Xinli through Huiyuan International Holdings Limited ("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.

(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.

Save as disclosed above, as at 30 June 2017, none of the Directors or the chief executives of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares

Save as disclosed in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" in this report, at no time during the six months ended 30 June 2017 was the Company or any of its subsidiaries or its holding company or any of the subsidiaries of the Company's holding company a party to any arrangement which enable the Directors or the chief executives of the Company or their respective associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors and chief executive, or their spouse and children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during such period.

Share Option Schemes

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

1. **Pre-IPO Share Option Scheme**

   The Company adopted the Pre-IPO Share Option Scheme on 30 January 2007. The purpose of our Pre-IPO Share Option Scheme is to provide certain members of the 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 was in force for a period of 10 years from 23 February 2007 and has expired on 23 February 2017. 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 six months ended 30 June 2017 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 2017	Number of underlying shares comprised in the options granted during the period	Number of underlying shares comprised in the options lapsed during the period	Number of underlying shares comprised in the options exercised during the period	Number of underlying shares comprised in the options outstanding as at 30 June 2017
An aggregate of 515 employees	25 February 2008	25 February 2018	6.39	10,605,000	–	(1,300,000)	–	9,305,000
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 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	13,180,000	–	(1,100,000)	–	12,080,000
				24,385,000	–	(2,400,000)	–	21,985,000

Share Award Schemes

The Company has adopted the Employee 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 10 years starting on the Effective Date. No contribution to the trusts will be made by the Company on or after the 10th anniversary of the Effective Date.

During the six months ended 30 June 2017, no awarded share was granted respectively under the CEO & Directors Share Award Scheme and the Employee Share Award Scheme.

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

As at 30 June 2017, so far as is 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 30 June 2017

Name	Number of shares	Percentage of the Company's issued share capital
Mr. Zhu Xinli	1,737,342,985[(a)](L)	65.03%
Huiyuan Holdings	1,737,342,985[(a)](L)	65.03%
China Huiyuan Holdings	1,737,342,985[(a)](L)	65.03%
Sino Fountain Limited	224,997,501[(b)](L)	8.42%
SAIF III GP Capital Ltd.	224,997,501[(b)](L)	8.42%
Mr. Andrew Y. Yan	224,997,501[(b)](L)	8.42%
Ms. Huang Qiongzi	200,000,000[(c)](L)	7.49%
Mr. Lu Zhiqiang	200,000,000[(c)](L)	7.49%
Tohigh Holdings Co., Ltd.* (通海控股有限公司)	200,000,000[(d)](L)	7.49%
Oceanwide Group Co., Ltd.* (泛海集團有限公司)	200,000,000[(e)](L)	7.49%

Name	Number of shares	Percentage of the Company's issued share capital
China Oceanwide Holdings Group Co., Ltd.* (中國泛海控股集團有限公司)	200,000,000[(f)](L)	7.49%
Oceanwide Holdings Co., Ltd.* (泛海控股股份有限公司)	200,000,000[(g)](L)	7.49%
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)	7.49%
Oceanwide Holdings International Co., Ltd (泛海控股國際有限公司)	200,000,000[(g)](L)	7.49%
China Oceanwide Holdings Limited (中泛控股有限公司)	200,000,000[(h)](L)	7.49%
China Oceanwide International Asset Management Limited (中泛國際資產管理有限公司)	200,000,000[(i)](L)	7.49%

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.

(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 30 June 2017, the Directors are not aware of any persons who have an interest or short position in the Shares or underlying shares of the Company that was required to be recorded in the register required to be kept under Section 336 of the SFO.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 June 2017, the Company redeemed an aggregate principal amount of US$150.0 million of the convertible bonds due 2019 (the "**2019 Convertible Bonds**"). As at the date of this interim report, there was no 2019 Convertible Bonds outstanding.

Save as disclosed above, during the six months ended 30 June 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

Employment and Emolument Policies

As at 30 June 2017, the Group had 3,965 employees (31 December 2016: 4,266 employees). The emolument policy of the employees of the Group is set up by the Board on the basis of merit, qualifications and competence.

The emoluments payable to 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.

The Company has also adopted the Pre-IPO Share Option Scheme, the Share Option Scheme, the CEO & Directors Share Award Scheme and the Employee Share Award Scheme as incentives for the Directors and eligible employees.

Changes to Information of the Directors

During the six months ended 30 June 2017, there was no changes to the information which are required to be disclosed or has been disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Hong Kong Listing Rules.

Corporate Governance Code

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

The Company has adopted the code provisions (the "Code Provisions") set out in 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 all Code Provisions for the six months ended 30 June 2017.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Hong Kong Listing Rules (the "Model Code") as the standards for the Directors' dealings in the securities of the Company. Having made specific enquiry with all the Directors, they have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2017.

Events after 30 June 2017

Save as disclosed in Note 26 to the Condensed Interim Financial Information, the group had no material events for the period from 30 June 2017 to the date of this report.

On behalf of the Board
Zhu Xinli
Chairman

Beijing, 30 August 2017

Interim Condensed Consolidated Balance Sheet

As at 30 June 2017

	Note	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**5,963,381**	6,043,254
Intangible assets	8	**4,121,463**	4,134,984
Land use rights	9	**888,172**	896,420
Deferred income tax assets		**95,703**	124,867
Investments accounted for using the equity method		**45,745**	45,259
Available-for-sale financial assets	5.2	**34,101**	—
Long-term receivable		**77,989**	77,909
Long-term prepayments		**51,744**	66,115
Total non-current assets		**11,278,298**	11,388,808
Current assets			
Inventories		**1,302,173**	1,216,958
Trade and other receivables	10	**4,323,763**	4,020,301
Available-for-sale financial assets	5.2	**385,638**	380,405
Restricted cash and short-term bank deposits	11	**585,000**	1,554,125
Cash and cash equivalents		**4,177,764**	1,896,351
Total current assets		**10,774,338**	9,068,140
Total assets		**22,052,636**	20,456,948
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	12	**189**	189
Share premium	12	**8,883,182**	8,883,182
Other reserves		**398,933**	380,900
Retained earnings		**1,113,146**	1,057,225
		10,395,450	10,321,496
Non-controlling interests in equity		**138,802**	140,310
Total equity		**10,534,252**	10,461,806

Interim Condensed Consolidated Balance Sheet (Continued)

As at 30 June 2017

	Note	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
LIABILITIES			
Non-current liabilities			
Trade and other payables	13	**23,423**	23,423
Borrowings	14	**2,998,864**	2,590,885
Deferred government grants		**26,306**	26,924
Deferred income tax liabilities		**8,341**	8,523
Total non-current liabilities		**3,056,934**	2,649,755
Current liabilities			
Trade and other payables	13	**2,764,268**	2,592,430
Convertible bonds	15	**—**	929,845
Taxation payable		**110,203**	110,216
Deferred revenue		**7,536**	9,311
Borrowings	14	**5,579,443**	3,703,585
Total current liabilities		**8,461,450**	7,345,387
Total liabilities		**11,518,384**	9,995,142
Total equity and liabilities		**22,052,636**	20,456,948

The notes on pages 30 to 66 form an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Comprehensive Income

For six months ended 30 June 2017

		Unaudited	
		Six months ended 30 June	
		2017	2016
	Note	RMB'000	RMB'000
Revenue	6	**2,801,666**	2,686,497
Cost of sales	17	**(1,586,369)**	(1,611,998)
Gross profit		**1,215,297**	1,074,499
Other income — net	16	**30,692**	102,467
Selling and marketing expenses	17	**(577,377)**	(782,492)
Administrative expenses	17	**(119,391)**	(194,584)
Finance expenses	18	**(305,831)**	(283,661)
Finance income	19	**17,911**	28,365
Unrealised gain on change of fair value of embedded derivatives of convertible bonds	15	**—**	100,201
Loss on early redemption of convertible bonds	15	**(111,493)**	—
Share of loss of investments accounted for using the equity method		**(8,382)**	(189)
Profit before income tax		**141,426**	44,606
Income tax expense	20	**(87,013)**	(13,399)
Profit for the period		**54,413**	31,207
Profit attributable to:			
— Equity holders of the Company		**55,921**	31,371
— Non-controlling interests		**(1,508)**	(164)
		54,413	31,207
Other comprehensive income for the period, net of tax			
Items that may be reclassified to profit or loss			
Change in fair value of available-for-sale financial assets		**17,994**	13,136
Total comprehensive income for the period		**72,407**	44,343
Total comprehensive income attributable to:			
— Equity holders of the Company		**73,915**	44,507
— Non-controlling interests		**(1,508)**	(164)
		72,407	44,343

	Note	Unaudited Six months ended 30 June 2017 RMB Cents per share	 2016 RMB Cents per share
Earnings per share for profit attributable to the ordinary shareholders of the Company during the period (expressed in RMB cents per share)	21		
— basic		**2.1**	1.2
— diluted		**2.1**	0.0
Earnings per share for profit attributable to the preference shares holders of the Company during the period (expressed in RMB cents per share)	21		
— basic		–	1.2
— diluted		–	0.0

The notes on pages 30 to 66 form an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Changes in Equity

For six months ended 30 June 2017

	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
		Unaudited							
		Attributable to the equity holders of the Company							
Balance at 1 January 2017		**189**	**8,883,182**	**–**	**380,900**	**1,057,225**	**10,321,496**	**140,310**	**10,461,806**
Comprehensive income									
Profit for the period		**–**	**–**	**–**	**–**	**55,921**	**55,921**	**(1,508)**	**54,413**
Other comprehensive income		**–**	**–**	**–**	**17,994**	**–**	**17,994**	**–**	**17,994**
Total comprehensive income		**–**	**–**	**–**	**17,994**	**55,921**	**73,915**	**(1,508)**	**72,407**
Transactions with owners in their capacity as owners									
Share-based compensation		**–**	**–**	**–**	**39**	**–**	**39**	**–**	**39**
Total transactions with owners		**–**	**–**	**–**	**39**	**–**	**39**	**–**	**39**
Balance at 30 June 2017		**189**	**8,883,182**	**–**	**398,933**	**1,113,146**	**10,395,450**	**138,802**	**10,534,252**
Balance at 1 January 2016		181	8,341,716	541,474	341,314	1,055,562	10,280,247	141,685	10,421,932
Comprehensive income									
Profit for the period		–	–	–	–	31,371	31,371	(164)	31,207
Other comprehensive income		–	–	–	13,136	–	13,136	–	13,136
Total comprehensive income		–	–	–	13,136	31,371	44,507	(164)	44,343
Transactions with owners in their capacity as owners									
Shares converted from convertible preference shares	12	8	541,466	(541,474)	–	–	–	–	–
Share-based compensation		–	–	–	149	–	149	–	149
Total transactions with owners		8	541,466	(541,474)	149	–	149	–	149
Balance at 30 June 2016		189	8,883,182	–	354,599	1,086,933	10,324,903	141,521	10,466,424

The notes on pages 30 to 66 form an integral part of this condensed consolidated interim financial information.

Interim Condensed Consolidated Statement of Cash Flows

For six months ended 30 June 2017

	Note	Unaudited Six months ended 30 June 2017 RMB'000	 2016 RMB'000
Cash flows from operating activities			
Cash generated from operations		**354,201**	(77,546)
Interest paid		**(173,355)**	(151,628)
Interest received		**17,911**	24,938
Income tax paid		**(58,039)**	(14,998)
Cash flows from operating activities — net		**140,718**	(219,234)
Cash flows from investing activities			
Consideration received in relation to the disposal of subsidiaries in 2016		**15,000**	—
Consideration received in relation to the disposal of sales offices in 2016		**190,250**	—
Purchases of property, plant and equipment		**(115,335)**	(173,996)
Proceeds from disposal of property, plant and equipment		**13,795**	19,652
Purchases of land use rights		**(1,992)**	(3,906)
Decrease/(increase) in restricted cash and short-term bank deposits, net		**969,125**	(1,114,475)
(Increase)/decrease in available-for-sale financial assets, net		**(29,470)**	225,000
Investment in a joint venture		**(3,868)**	(25,500)
Prepayment for investment		**—**	(5,000)
Cash flows from investing activities — net		**1,037,505**	(1,078,225)
Cash flows from financing activities			
Proceeds from banks and other borrowings	14	**2,755,066**	280,000
Proceeds from issuance of corporate bonds	14	**—**	592,657
Redemption of convertible bonds	15	**(1,064,873)**	(224,225)
Repayments of bank borrowings	14	**(494,324)**	(264,631)
Redemption of corporate bonds	14	**(58,000)**	—
Repayments of finance lease liabilities	14	**(39,720)**	(43,509)
Cash flows from financing activities — net		**1,098,149**	340,292
Exchange gain on cash and cash equivalents		**5,041**	5,069
Net increase/(decrease) in cash and cash equivalents		**2,281,413**	(952,098)
Cash and cash equivalents at the beginning of the period		**1,896,351**	1,631,547
Cash and cash equivalents at end of the period		**4,177,764**	679,449

The Notes on pages 30 to 66 form an integral part of this condensed consolidated interim financial information.

1 General information

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

The Company was incorporated in the Cayman Islands on 14 September 2006 as an exempted company with limited liability under the Company Law (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of registered office is Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands.

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

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information was authorised for issue by the Board of Directors of the Company on 30 August 2017.

This condensed consolidated interim financial information has been reviewed, not audited.

Significant events and transactions

In March 2017, the Company redeemed all the convertible bonds due 30 April 2019 (the "2019 Convertible Bonds") with a principal amount of US$150,000,000, upon exercise of the redemption option by the bondholders. Further details are given in Note 15.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with International Accounting Standards ("IAS") 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

3 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of amendments to IFRSs effective for the financial year ending 31 December 2017.

(a) Amendments to IFRSs effective for the financial year ending 31 December 2017 do not have a material impact on the Group.

(b) Impact of standards issued but not yet applied by the Group

(i) IFRS 9 Financial instruments

IFRS 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has decided not to adopt IFRS 9 until it becomes mandatory on 1 January 2018.

The Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets for the following reasons:

- The debt instruments that are currently classified as available-for-sale (AFS) financial assets appear to satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets.

- A FVOCI election is available for the equity instruments which are currently classified as AFS.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new hedge accounting rules have no impact on the Group as the Group does not have any hedging relationships.

3 Accounting policies (Continued)

(b) Impact of standards issued but not yet applied by the Group (Continued)

(i) *IFRS 9 Financial instruments* (Continued)

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group is in the process of undertaking a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

(ii) *IFRS 15 Revenue from contracts with customers*

The International Accounting Standards Board ("IASB") has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers revenue arising from the sale of goods and the rendering of services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for first interim periods within annual reporting periods beginning on or after 1 January 2018. The Group will adopt the new standard from 1 January 2018.

Management has identified the following areas that are likely to be affected:

- bundle sales – the application of IFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue
- accounting for costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under IFRS 15, and

3 Accounting policies (Continued)

(b) Impact of standards issued but not yet applied by the Group (Continued)

(ii) IFRS 15 Revenue from contracts with customers (Continued)

- rights of return – IFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation.

At this stage, the Group is not able to estimate the impact of the new standards on the Group's financial statements. The Group will make more detailed assessments of the impact in the second half of 2017.

(iii) IFRS 16, 'Leases'

IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB18,550,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

The new standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

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

4 Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2016.

5 Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk and credit risk.

(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, available-for-sale financial assets, 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 the half year of 2017 but may use them from time to time to hedge against certain material foreign exchange exposures.

As at 30 June 2017, if RMB strengthened/weakened by 5% against USD with all other variables remaining unchanged, the Group's post-tax profit for the six months ended 30 June 2017 would have been increased/decreased by RMB97,187,000 (30 June 2016: RMB144,238,000), mainly due to the foreign exchange gains/losses on retranslation of borrowings (including finance lease liabilities) denominated in USD.

As at 30 June 2017, if RMB strengthened/weakened by 5% against EUR with all other variables remaining unchanged, the Group's post-tax profit for the six months ended 30 June 2017 would have been increased/decreased by RMB131,832,000 (30 June 2016: RMB69,413,000), mainly due to the foreign exchange gains/losses on borrowings (including corporate bonds) denominated in EUR.

5 Financial risk management (Continued)

5.1 Financial risk factors (Continued)

(b) 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 gearing ratio. This ratio is calculated as total borrowing (including or excluding convertible bonds) divided by equity attributable to equity holders of the Company.

As at 30 June 2017, the gearing ratio was 82.5%. As at 31 December 2016, the gearing ratio was 70.0% (including convertible bonds) and 61.0% (excluding convertible bonds), respectively.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016.

There have been no significant changes in the risk management policies since 2016 year end.

5 Financial risk management (Continued)

5.2 Fair value estimation

The disclosure of fair value measurements by levels 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 30 June 2017.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Available-for sale financial assets				
— Investments in unlisted funds	**—**	**—**	**385,638**	**385,638**
— Investments in listed securities	**34,101**	**—**	**—**	**34,101**
	34,101	**—**	**385,638**	**419,739**

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2016.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Available-for-sale financial assets				
— Investments in unlisted funds	—	—	380,405	380,405
Liabilities				
Embedded derivatives of 2019 Convertible Bonds	—	—	41,095	41,095

5 Financial risk management (Continued)

5.2 Fair value estimation (Continued)

The fair value of investments in unlisted funds was based on cash flow discounted using the expected rate of return based on management estimates.

The fair value of investment in listed securities was determined based on the quoted market price of the securities.

The fair value of the embedded derivatives of the 2019 Convertible Bonds was valued by estimating the fair values of the whole bonds with and without the embedded derivatives.

5.3 Fair value measurements using significant unobservable inputs

The following table presents the changes in level 3 instruments for the period of six months ended 30 June 2017 and 2016.

Available-for-sale financial assets – Investments in unlisted funds:

	Unaudited For the six months ended June 30 2017 RMB'000	 2016 RMB'000
Opening balance at January 1	**380,405**	330,487
Change in fair value	**13,363**	13,153
Effect of change in exchange rate	**(8,130)**	6,880
Closing balance at June 30	**385,638**	350,520

Embedded derivatives of 2019 Convertible Bonds:

	Unaudited For the six months ended June 30 2017 RMB'000	 2016 RMB'000
Opening balance at January 1	**41,095**	103,725
Change in fair value	**–**	(100,201)
Redemption of Convertible Bonds	**(41,095)**	–
Closing balance at June 30	**–**	3,524

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 revenue from a product perspective while profit for the year/period is assessed on a consolidated basis. The Group's expenses, assets, liabilities and capital expenditure are primarily attributable to the manufacture and sales of juice and other beverage products to external customers, which are considered as one reportable segment. After the completion of the acquisition of puree and concentrated juice business in October 2013, the Group becomes a vertically integrated business with operations along the value chain from fruit processing to sales and marketing of juice and other beverage products. The puree and concentrated business does not have a majority of revenue from external customers, and management determines neither to separately review the performance of the business nor to report the business externally as a business segment. As a result, the puree and concentrated juice business has been combined into the juice and other beverage products segment.

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

	Unaudited Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
100% juice products	**1,036,141**	892,455
Nectars	**770,570**	730,272
Juice drinks	**393,893**	461,120
Water and other beverage products	**601,062**	602,650
	2,801,666	2,686,497

The Group made barter sales of approximately RMB1,517,000 during the six months ended 30 June 2017 mainly in exchange for property, plant and equipment (corresponding period in 2016: RMB29,361,000).

7 Property, plant and equipment

	Unaudited RMB'000
Six months ended 30 June 2017	
Opening net book amount as at 1 January 2017	**6,043,254**
Additions	**162,421**
Disposals	**(13,606)**
Depreciation charge (Note 17)	**(228,688)**
Closing net book amount as at 30 June 2017	**5,963,381**
Six months ended 30 June 2016	
Opening net book amount as at 1 January 2016	6,433,821
Additions	289,086
Disposals	(21,845)
Depreciation charge (Note 17)	(228,742)
Closing net book amount as at 30 June 2016	6,472,320

8 Intangible assets

	Unaudited				
	Sales distribution network RMB'000	Goodwill RMB'000	Trademarks RMB'000	Software RMB'000	Total RMB'000
Six months ended 30 June 2017					
Opening net book amount as at 1 January 2017	**106,519**	**3,927,131**	**99,828**	**1,506**	**4,134,984**
Amortisation (Note 17)	**(10,444)**	**—**	**(2,964)**	**(113)**	**(13,521)**
Closing net book amount as at 30 June 2017	**96,075**	**3,927,131**	**96,864**	**1,393**	**4,121,463**
Six months ended 30 June 2016					
Opening net book amount as at 1 January 2016	127,595	3,927,131	105,758	1,731	4,162,215
Amortisation (Note 17)	(8,342)	—	(2,965)	(113)	(11,420)
Closing net book amount as at 30 June 2016	119,253	3,927,131	102,793	1,618	4,150,795

9 Land use rights

The Group's interests in land use rights represent prepaid operating lease payments in PRC (leases between 30 to 50 years) and their net book values are analysed as follows:

	Unaudited RMB'000
Six months ended 30 June 2017	
Opening net book amount as at 1 January 2017	**896,420**
Additions	**1,992**
Amortisation of charge (Note 17)	**(10,240)**
Closing net book amount as at 30 June 2017	**888,172**
Six months ended 30 June 2016	
Opening net book amount as at 1 January 2016	951,379
Additions	3,906
Amortisation of charge (Note 17)	(10,884)
Closing net book amount as at 30 June 2016	944,401

10 Trade and other receivables

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Trade receivables (a)	**3,433,552**	3,031,227
Related parties (Note 25(c))	**73,775**	72,079
Third parties	**3,555,652**	3,183,891
Less: Provision for impairment of trade receivables	**(195,875)**	(224,743)
Bills receivable — third parties	**21,397**	17,970
Prepayments of raw materials and others	**458,853**	277,337
Related parties (Note 25(c))	**106,864**	96,854
Third parties	**351,989**	180,483
Deductible value added tax — input balance	**77,448**	71,547
Other receivables	**332,513**	622,220
Related parties (Note 25(c))	**—**	27,178
Third parties	**341,119**	602,822
Less: Provision for impairment of other receivables	**(8,606)**	(7,780)
	4,323,763	4,020,301

10 Trade and other receivables (Continued)

(a) Certain customers of the Group, mainly including selected distributors and supermarkets are granted 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 have extended preferential credit terms exceeding 180 days. As at 30 June 2017 and 31 December 2016, the aging analysis of trade receivables was as follows:

— Third parties

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Within 3 months	**1,323,830**	1,492,202
Between 4 and 6 months	**318,990**	174,853
Between 7 and 12 months	**1,091,313**	1,127,218
Between 1 and 2 years	**748,307**	326,906
Over 2 years	**73,212**	62,712
	3,555,652	3,183,891

— Related parties

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Within 3 months	**30,150**	58,023
Between 4 and 6 months	**25,989**	14,056
Over 6 months	**17,636**	—
	73,775	72,079

As at 30 June 2017, trade receivables of RMB179,570,000 (2016: RMB189,295,000) were past due and fully provided for provision. Trade receivables of RMB638,621,000 (2016: RMB200,323,000) were past due but not impaired, since management considered that they have no collectability risks or they were collected subsequent to the balance sheet date. The individually impaired receivables mainly relate to customers, which are in unexpected difficult economic situations.

11 Restricted cash and short-term bank deposits

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Restricted cash		
— deposit for note payables	**90,000**	128,400
— pledged for letter of credits	**—**	10,350
— pledged for bank borrowings	**—**	200,000
	90,000	338,750
Short-term bank deposits	**495,000**	1,215,375
	585,000	1,554,125

12 Share capital and share premium

	Number of shares of USD 0.00001 each	Share capital RMB'000	Share premium RMB'000	Convertible preference shares RMB'000	Total RMB'000
Six months ended 30 June 2017					
At 1 January and 30 June 2017	**2,671,719,394**	**189**	**8,883,182**	**–**	**8,883,371**
Six months ended 30 June 2016					
At 1 January 2016	2,546,392,517	181	8,341,716	541,474	8,883,371
Shares converted from convertible preference shares	125,326,877	8	541,466	(541,474)	–
At 30 June 2016	2,671,719,394	189	8,883,182	–	8,883,371

On 21 October 2013, the Company issued 655,326,877 convertible preference shares (the "CPS") to the controlling shareholder 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). Each CPS has the same right to receive dividends and other distributions as the ordinary share, but carries no voting rights as the ordinary share and it has a seniority on the distributions of assets upon liquidation, winding-up or dissolution of the Company. The CPS are non-redeemable by the Company or the holder.

12 Share capital and share premium (Continued)

During the year ended 31 December 2014, CPS with carrying value of HK$2,893,800,000 (equivalent to approximately RMB2,289,864,000) were converted into 530,000,000 ordinary shares of the Company.

On 30 March 2016, all the remaining CPS with carrying value of HK$684,285,000 (equivalent to approximately RMB541,474,000) were converted into 125,326,877 ordinary shares of the Company.

As at 30 June 2017, there was no CPS outstanding.

13 Trade and other payables

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Trade payables (a)	**1,670,226**	1,650,375
Related parties (Note 25(c))	**63,576**	87,759
Third parties	**1,606,650**	1,562,616
Other payables	**1,117,465**	965,478
Related parties (Note 25(c))	**17,399**	2,340
Third parties	**1,100,066**	963,138
	2,787,691	2,615,853

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Trade and other payables		
Non-current	**23,423**	23,423
Current	**2,764,268**	2,592,430
	2,787,691	2,615,853

13 Trade and other payables (Continued)

(a) Aging analysis of trade payables was as follows:

— Third parties

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Within 3 months	**1,559,974**	1,459,427
Between 4 and 6 months	**27,942**	48,761
Between 7 and 12 months	**3,490**	39,182
Between 1 and 2 years	**9,699**	11,570
Over 2 years	**5,545**	3,676
	1,606,650	1,562,616

— Related parties

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Within 3 months	**51,292**	69,864
Between 4 and 6 months	**3,354**	10,780
Between 7 and 12 months	**2,655**	1,779
Between 1 and 2 years	**3,732**	3,572
Over 2 years	**2,543**	1,764
	63,576	87,759

14 Borrowings

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Non-current		
Bank borrowings (a)	**1,220,258**	942,183
Corporate bonds (b)	**1,543,921**	1,464,629
Finance lease liabilities (c)	**154,297**	184,073
Other borrowings	**80,388**	—
	2,998,864	2,590,885
Current		
Bank borrowings (a)	**2,385,928**	1,606,134
Corporate bonds (b)	**2,006,164**	2,034,958
Finance lease liabilities (c)	**63,281**	62,493
Other borrowings	**1,124,070**	—
	5,579,443	3,703,585
Total borrowings	**8,578,307**	6,294,470
Secured	**1,204,458**	166,488
Unsecured	**7,373,849**	6,127,982
Total borrowings	**8,578,307**	6,294,470

As at 30 June 2017, secured borrowings included:

(1) Borrowings of RMB1,030,000,000 resulting from an asset securitisation arrangement. Under the arrangement, the Group transferred certain trade receivables of RMB1,030,000,000 to a third party trust company for an upfront cash consideration of the same amount. This transaction does not meet IAS 39 requirements for asset derecognition, since the risks and rewards of the trade receivables have not been substantially transferred to the trust company. Accordingly, the transaction is treated as a financing arrangement with both the trade receivables and the corresponding short-term borrowings of RMB1,030,000,000 recorded on the interim condensed consolidated balance sheet as at 30 June 2017.

(2) Borrowings of RMB174,458,000 secured by property, plant and equipment with carrying amount of RMB230,282,000.

14 Borrowings (Continued)

As at 31 December 2016, borrowing of RMB166,488,000 was secured by restricted cash of RMB200,000,000.

Movements in borrowings is analysed as follows:

	Unaudited RMB'000
Six months ended 30 June 2017	
Opening amount as at 1 January 2017	**6,294,470**
Proceeds from bank borrowings	**2,755,066**
Repayments of bank borrowings	**(494,324)**
Redemption of corporate bonds	**(58,000)**
Effect of change in exchange rate	**87,308**
Corporate bonds — interest paid	**(69,624)**
Corporate bonds — interest expenses	**88,884**
Finance lease liabilities — addition	**—**
Finance lease liabilities — repayment	**(39,720)**
Finance lease liabilities — interest expenses	**14,247**
Closing amount as at 30 June 2017	**8,578,307**
Six months ended 30 June 2016	
Opening amount as at 1 January 2016	4,411,048
Proceeds from bank borrowings	280,000
Proceeds from issuance of corporate bonds	592,657
Repayments of bank borrowings	(264,631)
Effect of change in exchange rate	120,046
Corporate bonds — interest expenses	21,057
Finance lease liabilities — addition	45,304
Finance lease liabilities — repayment	(43,509)
Finance lease liabilities — interest expenses	9,149
Closing amount as at 30 June 2016	5,171,121

14 Borrowings (Continued)

(a) Bank borrowings

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

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
RMB	**586,000**	508,000
USD	**1,799,928**	2,040,317
EUR	**1,220,258**	—
	3,606,186	2,548,317

The exposure of the Group's bank borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates was as follows:

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Within 6 months	**388,000**	470,017
6 -12 months	**3,218,186**	2,078,300
	3,606,186	2,548,317

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

	Unaudited 30 June 2017	Audited 31 December 2016
Bank borrowings	**3.80%**	3.93%

14 Borrowings (Continued)

(a) Bank borrowings (Continued)

Since the non-current bank borrowings bear floating interest rates, which equal to Libor/Euibor plus appropriate credit rates, their carrying amounts approximate their fair value.

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

(b) Corporate bonds

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
The 2018 Bonds (i)	**1,543,921**	1,464,629
The 2019 Bonds (ii)	**2,006,164**	2,034,958
	3,550,085	3,499,587

(i) The 2018 Bonds

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.

14 Borrowings (Continued)

(b) Corporate bonds (Continued)

(i) *The 2018 Bonds* (Continued)

The movements in the 2018 Bonds for the six months ended 30 June 2017 and 2016 are as follows:

	Unaudited 30 June 2017 RMB'000
Six months ended 30 June 2017	
As at 1 January 2017	**1,464,629**
Interest expenses	**14,078**
Interest paid	**(24,024)**
Effect of change in exchange rate	**89,238**
As at 30 June 2017	**1,543,921**
Six months ended 30 June 2016	
As at 1 January 2016	1,417,377
Interest expenses	13,714
Effect of change in exchange rate	55,988
As at 30 June 2016	1,487,079

The face value of the 2018 Bonds as at 30 June 2017 is EUR200,000,000 (equivalent to approximately RMB1,549,920,000) (at 31 December 2016: EUR200,000,000 and equivalent to approximately RMB1,461,360,000). The carrying value of the 2018 Bonds is calculated using cash flows discounted at an effective interest rate of 1.91% per annum.

14 Borrowings (Continued)

(b) Corporate bonds (Continued)

(ii) The 2019 Bonds

During the year ended 31 December 2016, the Company issued corporate bonds (the "2019 Bonds") in an aggregate principal amount of RMB2,000,000,000 and raised a net proceeds of RMB1,980,920,000. The 2019 Bonds were issued in three tranches as follows:

	Date of issuance	Due date	Principal amount RMB'000	Interest rate (per annum)
Tranche 1	5 May 2016	5 May 2019	600,000,000	7.60%
Tranche 2	31 August 2016	31 August 2019	680,000,000	7.50%
Tranche 3	24 November 2016	24 November 2019	720,000,000	6.80%

The movements in the 2019 Bonds for the six months ended 30 June 2017 and 2016 are as follows:

	Unaudited 30 June 2017 RMB'000
Six months ended 30 June 2017	
As at 1 January 2017	**2,034,958**
Interest expenses	**74,806**
Redemption of corporate bonds	**(58,000)**
Interest paid	**(45,600)**
As at 30 June 2017	**2,006,164**
Six months ended 30 June 2016	
Face value of the 2019 Bonds issued on 5 May 2015	600,000
Issuing expenses	(7,343)
Net proceeds for the issuance of the 2019 Bonds	592,657
Interest expenses	7,343
As at 30 June 2016	600,000

14 Borrowings (Continued)

(b) Corporate bonds (Continued)

(ii) The 2019 Bonds (Continued)

The face value of the 2019 Bonds as at 30 June 2017 is RMB1,942,000,000 (as at 31 December 2016: RMB2,000,000,000). The carrying value of the 2019 Bonds is calculated using cash flows discounted at an effective interest rate from 7.16% to 7.97% per annum.

At the first and the second anniversaries of the date of issuance, the Company is entitled to adjust the coupon rate of the 2019 Bonds whereas the bondholders are entitled to require the Company to redeem all or part of the 2019 Bonds at the face value.

As at 30 June 2017, the 2019 Bonds have been classified as current liabilities due to the redemption option of the bondholders at the respective anniversary of the date of issuance.

(c) Finance lease liabilities

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Gross finance lease liabilities – minimum lease payments:		
No later than 1 year	**75,891**	73,929
Later than 1 year and no later than 2 years	**72,891**	70,879
Later than 2 year and no later than 5 years	**97,851**	129,210
	246,633	274,018
Future finance charges on finance leases	**(29,055)**	(27,452)
Present value of finance lease liabilities	**217,578**	246,566

14 Borrowings (Continued)

(c) Finance lease liabilities (Continued)

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
The present value of finance lease liabilities was as follows:		
No later than 1 year	**63,281**	62,493
Later than 1 year and no later than 2 years	**63,281**	62,493
Later than 2 year and no later than 5 years	**91,016**	121,580
	217,578	246,566

15 Convertible bonds

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Current		
The 2016 Convertible Bonds (a)	**–**	–
The 2019 Convertible Bonds (b)	**–**	929,845
	–	929,845

(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 major terms and conditions of the 2016 Convertible Bonds are the same as those described in the annual financial statements for the year ended 31 December 2016.

On 29 April 2014, the Company redeemed an aggregate principal amount of US$117,300,000 of the 2016 Convertible Bonds upon exercise of the redemption option by the bondholders.

On 29 April 2016, the Company redeemed all the remaining principal amount of US$32,700,000 of the 2016 Convertible Bonds upon its maturity, at the redemption price of US$34,531,000 (105.6% of US$32,700,000, equivalent to approximately RMB224,225,000).

As at 30 June 2017 and 31 December 2016, there was no 2016 Convertible Bonds outstanding.

15 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 major terms and conditions of the 2019 Convertible Bonds are the same as those described in the annual financial statements for the year ended 31 December 2016.

In March 2017, the Company redeemed an aggregate principal amount of US$150,000,000 of the 2019 Convertible Bonds upon exercise of the redemption option by the bondholders. The difference of RMB111,493,000 between the consideration of US$154,500,000 (103% of US$150,000,000, equivalent to approximately RMB1,064,873,000) and the convertible bonds derecognised of RMB953,380,000 has been recognised as "loss on early redemption of convertible bonds" in the interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2017.

The related interest expense of the liability component of the 2019 Convertible Bonds for the six months ended 30 June 2017 amounted to RMB29,262,000 (corresponding period in 2016: RMB53,368,000), which was calculated using the effective interest method with an effective interest rate of 13.95%.

As at 30 June 2017, there was no 2019 Convertible Bonds outstanding.

15 Convertible bonds (Continued)

(c) The movements in the components of the 2016 Convertible Bonds and the 2019 Convertible Bonds during the six months ended 30 June 2017 and 2016 are set out below:

	The 2016 Convertible Bonds			The 2019 Convertible Bonds			
	Liability component RMB'000	Embedded derivatives RMB'000	Subtotal RMB'000	Liability component RMB'000	Embedded derivatives RMB'000	Subtotal RMB'000	Total convertible bonds RMB'000
Six months ended 30 June 2017							
As at 1 January 2017	**–**	**–**	**–**	**888,750**	**41,095**	**929,845**	**929,845**
Interest expense	**–**	**–**	**–**	**29,262**	**–**	**29,262**	**29,262**
Interest paid	**–**	**–**	**–**	**(20,677)**	**–**	**(20,677)**	**(20,677)**
Redemption of convertible bonds	**–**	**–**	**–**	**(912,285)**	**(41,095)**	**(953,380)**	**(953,380)**
Effect of change in exchange rate	**–**	**–**	**–**	**14,950**	**–**	**14,950**	**14,950**
As at 30 June 2017	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Six months ended 30 June 2016							
As at 1 January 2016	219,536	–	219,536	803,271	103,725	906,996	1,126,532
Change in fair value of embedded derivatives	–	–	–	–	(108,850)	(108,850)	(108,850)
Amortisation of deferred loss on embedded derivatives	–	–	–	–	8,649	8,649	8,649
Redemption of convertible bonds	(224,225)	–	(224,225)	–	–	–	(224,225)
Interest expense	8,929	–	8,929	53,368	–	53,368	62,297
Interest paid	(4,240)	–	(4,240)	(58,474)	–	(58,474)	(62,714)
Effect of change in exchange rate	–	–	–	16,577	–	16,577	16,577
As at 30 June 2016	–	–	–	814,742	3,524	818,266	818,266

16 Other income — net

	Unaudited Six months ended 30 June 2017 RMB'000	 2016 RMB'000
Government subsidy income	**21,922**	90,201
Net income from sales of materials and scrap	**7,008**	6,048
Amortisation of deferred government grants	**618**	667
Interest income from available-for-sale financial assets	**2,118**	4,532
Gain/(loss) on disposals of property, plant and equipment	**189**	(2,193)
Others	**(1,163)**	3,212
	30,692	102,467

17 Expenses by nature

	Unaudited Six months ended 30 June 2017 RMB'000	 2016 RMB'000
Raw materials used and changes in inventories	**1,204,491**	1,200,561
Advertising and other marketing expenses	**356,625**	458,259
Depreciation of property, plant and equipment (Note 7)	**228,688**	228,742
Employee benefit expense	**166,491**	277,732
Transportation and related charges	**123,518**	110,752
Water and electricity	**75,695**	101,304
City construction tax, property tax and other tax surcharges	**37,307**	44,567
Repairs and maintenance	**15,849**	20,085
Amortisation of intangible assets (Note 8)	**13,521**	11,420
Rental expenses	**10,678**	25,454
Amortisation of land use rights (Note 9)	**10,240**	10,884
Travelling expense	**9,659**	17,194
Office and communication expenses	**9,283**	8,378
Impairment loss of inventories	**5,380**	2,102
(Reversal of impairment loss)/impairment loss for trade and other receivables	**(28,042)**	54,809
Other expenses	**43,754**	16,831
Total cost of sales, selling and marketing expenses and administrative expenses	**2,283,137**	2,589,074

18 Finance expenses

	Unaudited	
	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Interest expenses:		
— Bank and other borrowings	**96,282**	93,572
— Finance lease liabilities	**14,247**	9,149
— Convertible bonds (Note 15(c))	**29,262**	62,297
— Corporate bonds	**88,884**	21,057
Exchange loss (excluding convertible bonds)	**91,450**	105,020
Exchange loss on liability component of convertible bonds (Note 15(c))	**14,950**	16,577
Less: Interest and exchange loss capitalised	**(29,244)**	(24,011)
	305,831	283,661
Weighted average effective interest rates used to calculate capitalisation amount	**5.84%**	5.46%

19 Finance income

	Unaudited	
	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Interest income from bank deposits	**17,911**	28,365

20 Income tax expense

	Unaudited	
	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Current income tax — PRC enterprise income tax	**58,031**	14,843
Deferred income tax	**28,982**	(1,444)
	87,013	13,399

20 Income tax expense (Continued)

(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 loss on early redemption of convertible bonds and the fair value gain or loss of conversion rights of convertible bonds is not taxable or deductible for income tax purposes.

(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 during the six months ended 30 June 2017 and 2016.

(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 six months ended 30 June 2017 and 2016 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 16 March, 2007, the PRC enterprise income tax rate is 25%. 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.

Except for the above, provision for the PRC enterprise income tax is calculated based on the statutory tax rate of 25% (2016: 25%) on the assessable income of each of the group companies in the PRC.

21 Earnings per share

(a) Basic

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

	Unaudited Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Profit attributable to equity holders of the Company:		
Basic earnings attributable to ordinary shares	**55,921**	30,651
Basic earnings attributable to convertible preference shares	**–**	720
	55,921	31,371

	Unaudited Six months ended 30 June			
	Ordinary shares		Convertible preference shares	
	2017	2016	2017	2016
Weighted average number of shares outstanding for basic earnings per share (thousands) (i)	**2,671,719**	2,610,433	**–**	61,286

(i) On 30 March 2016, 125,326,877 convertible preference shares have been converted into 125,326,877 ordinary shares of the Company (Note 12). During the six months ended 30 June 2017, there was no convertible preference shares outstanding.

	Unaudited Six months ended 30 June	
	2017	2016
Basic earnings per ordinary share (RMB cents)	**2.1**	1.2
Basic earnings per convertible preference share (RMB cents)	**–**	1.2

21 Earnings per share (Continued)

(b) Diluted

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

	Unaudited	
	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Profit attributable to equity holders of the Company	**55,921**	31,371
Add: Interest expense relating to the 2019 Convertible Bonds	**—***	53,368
Add: Unrealised exchange loss relating to the 2019 Convertible Bonds	**—***	16,577
Add: Loss on early redemption of 2019 Convertible Bonds	**—***	—
Less: Fair value change in the embedded derivatives of the 2019 Convertible Bonds (including amortisation of deferred loss)	**—***	(100,201)
Profit attributable to equity holders of the Company, used to determine diluted earnings per share	**55,921**	1,115
Diluted earnings attributable to ordinary shares	**55,921**	1,091
Diluted earnings attributable to convertible preference shares	**—**	24
	55,921	1,115

21 Earnings per share (Continued)

(b) Diluted (Continued)

	Unaudited Six months ended 30 June			
	Ordinary shares		Convertible preference shares	
	2017	2016	2017	2016
Weighted average number of shares outstanding for basic earnings per share (thousands)	**2,671,719**	2,610,433	**–**	61,286
Adjustment for the 2019 Convertible Bonds (thousands)	**–***	219,980	**–**	–
Weighted average number of shares outstanding for diluted earnings per share (thousands)	**2,671,719**	2,830,413	**–**	61,286

	Unaudited Six months ended 30 June	
	2017	2016
Diluted earnings per ordinary share (RMB cents)	**2.1**	0.0
Diluted earnings per convertible preference share (RMB cents)	**–**	0.0

* During the six months ended 30 June 2017, the impacts of interest expense and loss on early redemption of the 2019 Convertible Bonds are antidilutive and have therefore been excluded from the calculation of diluted earnings per share.

21 Earnings per share (Continued)

(b) Diluted (Continued)

For the purpose of calculating diluted earnings per share for the six months ended 30 June 2017 and 2016:

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 gain 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 earnings per share for the six months ended 30 June 2017 and 2016;

b) The 2019 Convertible Bonds are assumed to have been converted into ordinary shares and adjusted for the impact of interest expense of, loss on early redemption of, unrealised exchange loss 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 earnings per share for the six months ended 30 June 2017 and is dilutive for the six months ended 30 June 2016;

c) The share options are assumed to have been exercised with no corresponding change in profit attributable to equity holders of the Company. This potential adjustment results in an anti-dilutive effect in the calculation of diluted earnings per share for the six months ended 30 June 2017 and 2016.

22 Dividends

The board has resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2017 (corresponding period in 2016: nil).

23 Contingent liabilities

As at 30 June 2017, the Group did not have any material contingent liabilities.

24 Commitments

(a) Capital commitments

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

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Purchase of property, plant and equipment	**20,602**	205,352

(b) Operating lease commitments

The Group leases various offices, warehouses, plant 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

	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
No later than 1 year	**6,850**	5,945
Later than 1 year and no later than 5 years	**11,700**	17,550
	18,550	23,495

25 Related-party transactions

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

(a) During the six months ended 30 June 2017 and 2016, the Company's directors and the Group's management are of the view that the Group's associates, joint ventures and the companies beneficially owned by the controlling shareholder were related parties of the Group.

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

	Unaudited	
	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Sales of goods and services		
Sales of products, raw materials and services to associates	**31,273**	55,567
Sales of products and raw materials to a joint venture	**70**	3,251
Sales of recyclable containers to companies beneficially owned by Mr. Zhu Xinli	**799**	165
Sales of products to companies beneficially owned by a key management of the Group	**5,709**	6,419
	37,851	65,402
Purchase of materials and services		
Purchase of products and raw materials from an associate	**155,907**	141,385
Purchase of transportation service from companies beneficially owned by Mr. Zhu Xinli	**60,851**	67,476
Purchase of products and raw materials from a joint venture	**4,185**	10,684
	220,943	219,545

25 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:

	Unaudited	
	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Salaries, wages and bonuses	**4,254**	4,823
Contributions to pension plan	**78**	91
Welfare and other expenses	**161**	155
Share-based compensation	**39**	149
	4,532	5,218

During the six months ended 30 June 2017 and 2016, one subsidiary of the Group, Beijing Huiyuan Food & Beverage Co., Ltd, has been using and will continue to use certain office premises owned by Beijing Huiyuan Beverage & Food Group Co., Ltd., a related party beneficially owned by the controlling shareholder, 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.

25 Related-party transactions (Continued)

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

	Note	Unaudited 30 June 2017 RMB'000	Audited 31 December 2016 RMB'000
Trade receivables	10	**73,775**	72,079
Other receivables and prepayments	10	**106,864**	124,032
Trade payables	13	**63,576**	87,759
Other payables	13	**17,399**	2,340

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

26 Events after the balance sheet date

On 16 August 2017, the Company completed the issuance of senior notes due 16 August 2020 (the "2020 Bonds"), in an aggregate principal amount of US$150,000,000 and raised a net proceeds of US$146,000,000 (equivalent to approximately RMB974,973,400). The 2020 Bonds bear interest rate at 6.5% per annum.

On 18 August 2017, the Company repaid bank borrowings due 2018 in an aggregate amount of US$131,330,000.

On 29 August 2017, the Company paid RMB623,531,000 (including an aggregate principal amount of RMB580,000,000 and the respective accrued interests) for the partial redemption of the 2019 Bonds, which will take effect on 31 August 2017.

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

Glossary of Terms (Continued)

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

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