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## CHINA HUIYUAN JUICE GROUP LIMITED

中國滙源果汁集團有限公司\*

*(Incorporated in the Cayman Islands with Limited Liability)*

**(Stock Code: 1886)**

### ANNOUNCEMENT IN RELATION TO (1) PUBLICATION OF UNAUDITED MANAGEMENT ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017; AND (2) CONTINUAL SUSPENSION OF TRADING

This announcement is made by China Huiyuan Juice Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Rule 13.09 of the Rules Governing the Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 29 March 2018 in relation to, among others, (i) delay in publication of the annual results for the year ended 31 December 2017 (“**2017 Annual Results**”) and (ii) possible delay in despatch of annual report for the year ended 31 December 2017 (“**2017 Annual Report**”). Capitalised terms used in this announcement shall have the same meanings as defined in the aforementioned announcements unless the context otherwise requires.

### PUBLICATION OF UNAUDITED MANAGEMENT ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

In order to keep the Shareholders and potential investors of the Company informed of the Group’s business operation and financial position to better assess the most recent financial performance of the Group, the Board would like to provide the Shareholders and the public with the preliminary unaudited financial information of the Group for the year ended 31 December 2017, together with the audited comparative figures for the same period in 2016, as set out below:

# Consolidated Statement of Comprehensive Income (Unaudited)

For the Year ended 31 December 2017

		Year ended 31 December	
		2017	2016
		<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note</i>	(Unaudited)	(Audited)
Revenue	1	5,382,109	5,741,396
Cost of Sales		<u>(3,159,571)</u>	<u>(3,407,247)</u>
<b>Gross profit</b>		<b>2,222,538</b>	<b>2,334,149</b>
Selling and marketing expenses		(1,116,496)	(1,529,381)
Administrative expenses		(342,947)	(409,429)
Other income — net	2	54,094	144,956
Other gains — net	3	—	38,493
Finance expenses	4	(546,310)	(585,947)
Finance income	5	130,836	50,864
Loss on early redemption of convertible bonds		(111,493)	—
Unrealised gain on change of fair value of embedded derivatives of convertible bonds		—	62,630
Share of loss of investments accounted for using the equity method		<u>(8,347)</u>	<u>(2,593)</u>
<b>Profit before income tax</b>		<b>281,875</b>	<b>103,742</b>
Income tax expense		<u>(146,749)</u>	<u>(91,837)</u>
<b>Profit for the year</b>		<u><b>135,126</b></u>	<u><b>11,905</b></u>

# Consolidated Balance Sheet (Unaudited)

As at 31 December 2017

		As at 31 December 2017 RMB'000 (Unaudited)	2016 RMB'000 (Audited)
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Land use rights		878,593	896,420
Property, plant and equipment		5,924,059	6,043,254
Intangible assets		4,107,753	4,134,984
Deferred income tax assets		69,955	124,867
Long-term prepayment		47,807	66,115
Investments accounted for using the equity method		45,779	45,259
Available-for-sale financial assets		29,217	—
Long-term receivable		18,864	77,909
<b>Total non-current assets</b>		<b>11,122,027</b>	<b>11,388,808</b>
<b>Current assets</b>			
Inventories		1,350,221	1,216,958
Trade and other receivables	6	5,822,362	4,020,301
Available-for-sale financial assets		386,402	380,405
Restricted cash and short-term bank deposits		947,325	1,554,125
Cash and cash equivalents		2,397,131	1,896,351
<b>Total current assets</b>		<b>10,903,441</b>	<b>9,068,140</b>
<b>Total assets</b>		<b>22,025,468</b>	<b>20,456,948</b>
<b>EQUITY</b>			
<b>Capital and reserve attributable to the Company's equity holders</b>			
Share capital		189	189
Share premium		8,883,182	8,883,182
Other reserves		413,072	380,900
Retained earnings		1,189,182	1,057,225
		<b>10,485,625</b>	<b>10,321,496</b>
Non-controlling interests in equity		137,230	140,310
<b>Total equity</b>		<b>10,622,855</b>	<b>10,461,806</b>

		As at 31 December	
		2017	2016
		<i>RMB'000</i>	<i>RMB'000</i>
<i>Note</i>		(Unaudited)	(Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	7	<b>1,512,378</b>	2,590,885
Deferred government grants		<b>25,688</b>	26,924
Trade and other payables	8	<b>11,712</b>	23,423
Deferred income tax liabilities		<b>8,161</b>	8,523
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>1,557,939</b>	2,649,755
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade and other payables	8	<b>2,856,654</b>	2,592,430
Convertible bonds		<b>—</b>	929,845
Taxation payable		<b>144,226</b>	110,216
Deferred revenue		<b>4,671</b>	9,311
Borrowings	7	<b>6,839,123</b>	3,703,585
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>9,844,674</b>	7,345,387
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>11,402,613</b>	9,995,142
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>22,025,468</b>	20,456,948
		<hr/>	<hr/>

# Consolidated Statement of Changes in Equity (Unaudited)

As at 31 December 2017

	2017 (Unaudited)							
	Attributable to the equity holders of the Company						Non-	
	Share	Share	Convertible	Other	Retained		controlling	Total
	capital	premium	preference	reserves	earnings	Subtotal	interests in	equity
	RMB'000	RMB'000	shares	RMB'000	RMB'000	RMB'000	equity	equity
			RMB'000				RMB'000	RMB'000
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/(loss) for the year	—	—	—	—	138,206	138,206	(3,080)	135,126
Other comprehensive income	—	—	—	25,884	—	25,884	—	25,884
Total comprehensive income/(loss)	—	—	—	25,884	138,206	164,090	(3,080)	161,010
Transactions with owners								
Share-based compensation	—	—	—	39	—	39	—	39
Profit appropriation to statutory reserves	—	—	—	6,249	(6,249)	—	—	—
Total transactions with owners	—	—	—	6,288	(6,249)	39	—	39
Balance at 31 December 2017	189	8,883,182	—	413,072	1,189,182	10,485,625	137,230	10,622,855

	2016 (Audited)							
	Attributable to the equity holders of the Company						Non-controlling interests in equity	Total equity
	Share capital	Share premium	Convertible preference shares	Other reserves	Retained earnings	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
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/(loss) for the year	—	—	—	—	13,280	13,280	(1,375)	11,905
Other comprehensive income	—	—	—	27,730	—	27,730	—	27,730
Total comprehensive income/(loss)	—	—	—	27,730	13,280	41,010	(1,375)	39,635
Transactions with owners								
Share-based compensation	—	—	—	239	—	239	—	239
Profit appropriation to statutory reserves	—	—	—	11,617	(11,617)	—	—	—
Shares converted from convertible preference shares	8	541,466	(541,474)	—	—	—	—	—
Total transactions with owners	8	541,466	(541,474)	11,856	(11,617)	239	—	239
Balance at 31 December 2016	189	8,883,182	—	380,900	1,057,225	10,321,496	140,310	10,461,806

# Consolidated Statement of Cash Flows (Unaudited)

As at 31 December 2017

	Year ended 31 December	
	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
<b>Cash flows of operating activities</b>		
Cash generated from operations	1,955,300	7,468
Interest paid	(261,860)	(345,683)
Interest received	32,234	46,332
Income tax paid	(58,187)	(25,937)
	<hr/>	<hr/>
<b>Cash flows from operating activities — net</b>	<b>1,667,487</b>	<b>(317,820)</b>
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<b>Cash flows of investing activities</b>		
Proceeds from disposal of subsidiaries, net of cash disposed	—	154,057
Proceeds from disposal of sales offices	—	92,180
Consideration received in relation to the disposal of subsidiaries in 2016	57,000	—
Consideration received in relation to the disposal of sales offices in 2016	190,250	—
Proceeds from disposal of property, plant and equipment	35,031	55,752
Purchase of property, plant and equipment	(243,783)	(292,095)
Purchase of land use rights	(2,711)	(12,708)
Investment in an unlisted fund	—	(50,000)
Investment in a joint venture	(3,868)	(25,500)
(Increase)/decrease in available-for-sale financial assets, net	(29,470)	225,000
Investment income on available-for-sale financial assets	4,183	4,532
Decrease/(increase) in restricted cash and short-term bank deposits, net	606,800	(929,718)
Loans advanced to related parties	(4,281,622)	—
Loan repayments received from related parties	1,774,088	—
Prepayment for investment	—	(5,000)
	<hr/>	<hr/>
<b>Cash flows from investing activities — net</b>	<b>(1,894,102)</b>	<b>(783,500)</b>
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	<b>Year ended 31 December</b>	
	<b>2017</b>	<b>2016</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Cash flows of financing activities</b>		
Redemption of convertible bonds	<b>(1,064,873)</b>	(224,225)
Proceeds from bank and other institute borrowings	<b>4,461,550</b>	698,248
Repayments of bank borrowings	<b>(2,652,779)</b>	(993,318)
Repayments of finance lease liabilities	<b>(78,054)</b>	(105,208)
Proceeds from issuance of corporate bonds	<b>1,328,800</b>	2,000,000
Issuance cost in relation to corporate bonds	<b>(18,060)</b>	(19,080)
Redemption of corporate bonds	<b>(1,258,000)</b>	—
<b>Cash flows from financing activities — net</b>	<b>718,584</b>	1,356,417
Exchange gain on cash and cash equivalents	<b>8,811</b>	9,707
<b>Net increase in cash and cash equivalents</b>	<b>500,780</b>	264,804
Cash and cash equivalents at the beginning of the year	<b>1,896,351</b>	1,631,547
<b>Cash and cash equivalents at end of the year</b>	<b>2,397,131</b>	1,896,351



# NOTES TO FINANCIAL STATEMENTS

*For the Year ended 31 December 2017*

## I. General information

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

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

## II. Basis of preparation

These financial statements are prepared under the International Financial Reporting Standards. These financial statements have been prepared on a going-concern basis.

## III. Summary of significant accounting policies

### 1. Accounting period

The Group adopts a calendar year, being the period from 1 January to 31 December of each year, as its financial year.

### 2. Functional currency

The functional currency for Group and the reporting currency in the preparation of these financial statements are both Renminbi. Unless otherwise stated, all amounts are expressed in thousands of Renminbi.

### 3. Consolidated financial statements

The scope of consolidated financial statements was determined based on control, which comprise the financial statements of the Company and all of its subsidiaries for the year ended 31 December 2017. A subsidiary is an entity that is controlled by the Company (including enterprises, a divided part of investees and structured entities that are controlled by the Company).

In preparing the consolidated financial statements, the same financial year and accounting policies as those for the Company were adopted for the subsidiaries of the Company. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Where the amount of loss of a subsidiary attributable to the non-controlling shareholders exceeds their share of the opening balance of the owners’ equity of the subsidiary, the excess shall be allocated against non-controlling interests.

For subsidiaries acquired through business combinations not involving entities under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements, from the date on which the Group gains control, until the Group ceases the control of it. In preparing consolidated financial statements, adjustment shall be made to financial statements of the subsidiaries using the fair values of each identifiable assets, liabilities and contingent liabilities as basis, which were determined on date of acquisition.

For subsidiaries acquired through business combination under common control, the operating results and cash flows of the acquiree shall be consolidated into the consolidated financial statement since the beginning of the period of combination. In preparing comparative consolidated financial statements, adjustments shall be made to the relevant items in the previous financial statements, as if the reporting entity formed through combination has been in existence since the commencement of control by the ultimate controlling party.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control described above.

A change in the ownership interest of the non-controlling shareholders, without a loss of control, is accounted for as an equity transaction.

#### **4. Cash and cash equivalents**

Cash comprises the Group's cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments held by the Group, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **5. Foreign currency transactions and translation of foreign currency statements**

##### ***(a) Functional and presentation currency***

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

##### ***(b) Transactions and balances***

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

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

#### **6. Inventories**

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

#### **7. Long-term equity investments**

Long-term equity investments represent investments in subsidiaries. Long-term equity investments are initially measured at the initial investment cost upon acquisition.

Long-term equity investments through which the Company is able to exercise control over the investee is accounted for in the individual financial statements of the Company using the cost method. Control is achieved when the Company has power over the investee, is exposed or has rights to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

Under the cost method, long-term equity investments are measured at initial investment cost. When making additional investment or recovering investment, the cost of long-term equity investments shall be adjusted. Cash dividend or profit declared by the investee is recognised as investment income for the current period.

On disposal of a long-term equity investment, the difference between the carrying amount and the consideration actually received is included in profit or loss for the period. For long-term equity investments under the equity method, when the investment is no longer accounted for under the equity method, the other comprehensive income measured originally under the equity method adopt the same accounting basis as the assets or liabilities disposed of by the investee directly. The equity recognised based on the changes in the investee's equity except the net profit or loss, other comprehensive income and profit appropriation shall be transferred to profit or loss of the current period in a full amount.

## 8. Fixed assets

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

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

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

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

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

## 9. Construction in progress

Construction in progress is recognised based on the actual construction expenditures incurred. It consists of all types of expenditures necessarily to be incurred, capitalised borrowing costs on related borrowed funds before the asset is ready for its intended use, and other related expenditures during the period of construction.

Construction in progress is transferred to fixed assets when the asset is ready for intended use.

## 10. Intangible assets

Intangible assets are recognised only when it is probable that the related economic benefits will flow to the Group and the costs can be reliably measured, and are initially measured at cost. The actual cost of acquired intangible assets is determined based on the exact purchase price paid and the relevant expenses.

The useful life of an intangible asset is determined based on the term during which it can bring economic benefits to the Group. If the term of an intangible asset during which it can bring economic benefits to the Group cannot be estimated, it is treated as an intangible asset with indefinite useful life.

## 11. Borrowing costs

Borrowing costs are interest and other costs arising from the Group's borrowings. Borrowing costs include interest, amortisation of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings. All the borrowing costs directly attributable to the acquisition, construction or production of all qualifying assets are capitalised and other borrowing costs are included in profit or loss for the current period. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale, such as fixed assets and inventories.

Capitalisation of borrowing costs commences only when all of the following conditions are satisfied:

- (1) asset expenses have incurred;
- (2) borrowing costs have incurred;
- (3) activities relating to the acquisition, construction or production of the asset that are necessary to bring the asset to get ready for its intended use or sale have commenced.

Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Any borrowing costs subsequently incurred are included in profit or loss for the current period.

During the capitalisation period, the amount of interest to be capitalised for each accounting period shall be determined as follows:

- (1) Specific borrowings are determined at the actual interest costs incurred during the current period deducted by any temporary interest income on deposits or investment income.
- (2) Used general borrowings are determined at the basis that the weighted average of the excess amounts of cumulative assets expenditures over the specific borrowings multiplied by weighted average of interest rate of used general borrowings.

Capitalisation of borrowing costs is suspended during extended periods in which the acquisition, construction or production of an asset is interrupted abnormally and the interruption lasts for more than three consecutive months, until the acquisition or construction is resumed. Borrowing costs incurred during the suspension period are included as expenses in profit or loss for the current period until the acquisition or construction of an asset is resumed.

## **12. Revenue recognition**

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

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

### *(a) Sales of goods*

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

### *(b) Bill and hold sales*

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

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

### *(c) Interest income*

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

(d) *Barter transactions*

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

### 13. Income tax

Income tax comprises current and deferred tax. Income tax is recognised as expense or income in profit or loss for the current period, except for the tax arising from adjustment of goodwill arising from a business combination, or recognised directly in owners' equity if it arises from a transaction or event which is recognised directly in owners' equity.

Current income tax liabilities or assets for the current and prior periods are measured at the amount expected to be paid or recovered according to the taxation laws and regulations.

Based on the temporary differences between the carrying amount of an asset or liability on the balance sheet date and its tax base; and the temporary differences between the carrying amount of some items that have a tax base but are not recognised as assets and liabilities and their tax base, the Group adopts the liability method for the provision for deferred tax.

A deferred tax liability is recognised for all taxable temporary differences, except:

- (1) where taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination, and, at the time of the transaction, it affects neither accounting profit nor taxable income or deductible loss.
- (2) taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognised for deductible temporary differences, carryforward of unused deductible tax losses and tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of deductible tax losses and tax credits can be utilised, except:

- (1) where the deferred tax asset arises from a transaction that is not a business combination and, at the time of the transaction, it affects neither accounting profit nor taxable profit or loss.
- (2) deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised in the future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are estimated to apply to the period when the asset is realised or the liability is settled, according to the requirements of tax laws, and reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the liabilities.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in future periods to allow the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the balance sheet date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### IV. Notes to major items of the consolidated financial statements

##### 1. Revenue

Management determines the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions. The executive directors assess the revenue from a perspective of products. The Group's revenue, expenses, assets, liabilities and capital expenditure are primarily attributable to the manufacture and sales of juice and other beverage products to external customers, which are considered as one segment. After the completion of the acquisition of puree and concentrated juice business in October 2013, the Group becomes a vertically integrated business with operations along the value chain from fruit processing to sales and marketing of juice and other beverage products. The puree and concentrated business does not have a majority of revenue from external customers, and management does not separately review the performance of the business nor report the business externally as an operating segment. As a result, the puree and concentrated juice business has been combined into the juice and other beverage products segment.

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

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
100% juice products	1,805,009	2,017,647
Nectars	1,544,863	1,407,875
Juice drinks	897,061	1,020,409
Other beverage products	1,135,176	1,295,465
	<u>5,382,109</u>	<u>5,741,396</u>

##### 2. Other income — net

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Government subsidy income	32,421	119,877
Net income from sales of materials and scrap	12,455	4,178
Amortisation of deferred government grants	1,236	5,569
Investment income on available-for-sale financial assets	4,183	4,532
Gain/(loss) on disposals of property, plant and equipment	1,313	(46)
Others	2,486	10,846
	<u>54,094</u>	<u>144,956</u>

##### 3. Other gains — net

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Gain on disposal of subsidiaries and sale offices	<u>—</u>	<u>38,493</u>

#### 4. Finance expenses

	2017 RMB'000	2016 RMB'000
Interest expenses:		
— Bank and other borrowings	263,054	179,784
— Convertible bonds	29,262	118,148
— Finance lease liabilities	20,167	17,394
— Corporate bonds	192,196	81,807
Exchange loss (excluding convertible bonds)	83,361	184,787
Exchange loss on liability component of convertible bonds	14,950	54,738
Less: Interest expenses and exchange loss capitalised	(56,680)	(50,711)
	<u>546,310</u>	<u>585,947</u>

#### 5. Finance income

	2017 RMB'000	2016 RMB'000
Interest income from loan to related parties	98,602	—
Interest income from bank deposits	32,234	50,864
	<u>130,836</u>	<u>50,864</u>

#### 6. Trade and other receivables

	2017 RMB'000	2016 RMB'000
Trade receivables (a)	2,801,552	3,031,227
Related parties	50,478	72,079
Third parties	2,955,705	3,183,891
Less: Provision for impairment of trade receivable	(204,631)	(224,743)
Bills receivable — third parties	3,501	17,970
Prepayments of raw materials and others	119,804	277,337
Related parties	—	96,854
Third parties	119,804	180,483
Deductible value added tax — input balance	85,602	71,547
Other receivables	2,811,903	622,220
Related parties	2,606,136	27,178
Third parties	269,228	602,822
Less: Provision for impairment of other receivables	(63,461)	(7,780)
	<u>5,822,362</u>	<u>4,020,301</u>

- (a) Certain customers of the Group, 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 31 December 2017 and 31 December 2016, the aging analysis of trade receivables based on recognition date was as follows:

— *Third parties*

	2017 RMB'000	2016 RMB'000
Within 3 months	1,080,869	1,492,202
Between 4 and 6 months	317,817	174,853
Between 7 and 12 months	949,559	1,127,218
Between 1 and 2 years	532,822	326,906
Over 2 years	74,638	62,712
	<u>2,955,705</u>	<u>3,183,891</u>

— *Related parties*

	2017 RMB'000	2016 RMB'000
Within 3 months	24,305	58,023
Between 4 and 6 months	26,173	14,056
	<u>50,478</u>	<u>72,079</u>

## 7. Borrowings

	2017 RMB'000	2016 RMB'000
<b>Non-current</b>		
Bank borrowings	—	942,183
Corporate bonds	1,323,044	1,464,629
Finance lease liabilities	103,111	184,073
Other Borrowings	86,223	—
	<u>1,512,378</u>	<u>2,590,885</u>
<b>Current</b>		
Bank borrowings	3,118,494	1,606,134
Corporate bonds	2,329,593	2,034,958
Finance lease liabilities	61,375	62,493
Other Borrowings	1,329,661	—
	<u>6,839,123</u>	<u>3,703,585</u>
<b>Total borrowings</b>	<u>8,351,501</u>	<u>6,294,470</u>
	2017 RMB'000	2016 RMB'000
Unsecured	7,024,613	6,127,982
Secured	1,326,888	166,488
<b>Total borrowings</b>	<u>8,351,501</u>	<u>6,294,470</u>



## 8. Trade and other payables

	2017 RMB'000	2016 RMB'000
Trade payables (a)	1,799,419	1,650,375
Related parties	3,321	87,759
Third parties	1,796,098	1,562,616
Other payables	1,068,947	965,478
Related parties	80,720	2,340
Third parties	988,227	963,138
	<u>2,868,366</u>	<u>2,615,853</u>

	2017 RMB'000	2016 RMB'000
Trade and other payables		
Non-current	11,712	23,423
Current	2,856,654	2,592,430
	<u>2,868,366</u>	<u>2,615,853</u>

(a) Details of aging analysis of trade payables based on recognition date are as follows:

	2017 RMB'000	2016 RMB'000
<b>— Third parties</b>		
Within 3 month	1,539,545	1,459,427
Between 4 and 6 months	109,773	48,761
Between 7 and 12 months	101,432	39,182
Between 1 and 2 years	37,967	11,570
Between 2 and 3 years	3,981	2,582
Over 3 years	3,400	1,094
	<u>1,796,098</u>	<u>1,562,616</u>

<b>— Related parties</b>		
Within 3 month	3,321	69,864
Between 4 and 6 months	—	10,780
Between 7 and 12 months	—	1,779
Between 1 and 2 years	—	3,572
Between 2 and 3 years	—	1,764
	<u>3,321</u>	<u>87,759</u>

## V. Related parties and related party transactions

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

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

- (a) During the year, the Company's directors and the Group's management are of the view that associates, joint venture and the companies beneficially owned by Mr. Zhu Xinli were related parties of the Group.
- (b) The following transactions were carried out with related parties:

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
<b>Sales of goods and services</b>		
Sales of products, raw materials and services to associates	61,358	136,037
Sales of products and raw materials to a joint venture	605	8,960
Sales of recyclable containers to companies beneficially owned by Mr. Zhu Xinli	915	—
Sales of products to companies beneficially owned by a key management of the Group	5,615	7,088
	<u>68,493</u>	<u>152,085</u>
<b>Purchase of materials and services</b>		
Purchase of products and raw materials from an associate	253,184	267,496
Purchase of transportation service from companies beneficially owned by Mr. Zhu Xinli	85,010	136,416
Purchase of products and raw materials from a joint venture	3,287	9,050
	<u>341,481</u>	<u>412,962</u>

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

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Trade receivables	50,478	72,079
Other receivables and prepayments	2,606,136	124,032
Trade payables	3,321	87,759
Other payables	80,720	2,340

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

(d) Loans to related parties

	2017 RMB'000	2016 RMB'000
<b>Loans to companies beneficially owned by Mr. Zhu Xinli</b>		
Beginning of the year	—	—
Loans advanced	4,281,622	—
Loan repayments received	(1,774,088)	—
Interest receivable	98,602	—
	<hr/>	<hr/>
As at 31 December 2017	<b>2,606,136</b>	—
	<hr/> <hr/>	<hr/> <hr/>

The loans to related parties are unsecured and repayable within 12 months. The loans bear an interest at 10% per annum.

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognized in respect of impaired receivables due from related parties.

The loan arrangement under the Loan Agreement has been terminated as at 29 March 2018 and all the principal and interest accrued under the Relevant Loans have been repaid to the Group in full.

**Shareholders and potential investors are reminded that the information contained in this announcement is only based on the preliminary assessment by the Board on the unaudited management accounts of the Group for the period ended 31 December 2017, and is not based on any data or information that has been audited or reviewed by the auditor and the audit committee. The relevant financial information is pending for further review by the auditor and the audit committee, and will be subject to changes resulting from, among others, further review by the Company and any adjustments that might be proposed by the auditor.**

## CONTINUAL SUSPENSION OF TRADING

At the request of the Company, trading in the Shares and debt securities of the Company on the Stock Exchange has been halted since 9:00 a.m. on 3 April 2018 (and automatically converted to suspension thereafter) and will remain suspended until further notice.

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

Beijing, China  
19 April 2018

*As at the date of this announcement, the directors of the Company are Mr. ZHU Xinli, Ms. ZHU Shengqin, Mr. CUI Xianguo and Ms. JU Xinyan as executive directors, Mr. Andrew Y. Yan and Mr. HUI Ching Lau as non-executive directors, Ms. ZHAO Yali, Ms. SONG Quanhong, Mr. LEUNG Man Kit and Mr. WANG Wei as independent non-executive directors.*

\* For identification purposes only