Greatview Aseptic Packaging Company Limited

Annual Report 2017

(Incorporated in the Cayman Islands with limited liability) Stock Code: 0468

CONTENTS


GREATVIEW
Wert schafft
When choice
creates value
When choice
creates value
1000mL

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. BI Hua, Jeff *(Chief Executive Officer)*
Mr. LIU Jun *(Chief Operating Officer)*

Non-Executive Directors

Mr. HONG Gang *(Chairman)*
Mr. HSU David (appointed on 9 August 2017)

Independent Non-Executive Directors

Mr. LUETH Allen Warren
Mr. BEHRENS Ernst Hermann
Mr. ZHU Jia (re-designated on 15 March 2018)

JOINT COMPANY SECRETARIES

Mr. CHANG Fuquan
Ms. MOK Ming Wai

AUTHORIZED REPRESENTATIVES

Mr. BI Hua, Jeff (appointed on 15 March 2018)
Ms. MOK Ming Wai

AUDIT COMMITTEE

Mr. LUETH Allen Warren *(Chairman)*
Mr. BEHRENS Ernst Hermann
Mr. HSU David (appointed on 9 August 2017)
Mr. ZHU Jia (appointed on 15 March 2018)

REMUNERATION COMMITTEE

Mr. ZHU Jia *(Chairman)* (appointed on 15 March 2018)
Mr. BI Hua, Jeff
Mr. LUETH Allen Warren
Mr. BEHRENS Ernst Hermann

NOMINATION COMMITTEE

Mr. HONG Gang *(Chairman)*
Mr. BEHRENS Ernst Hermann
Mr. ZHU Jia (appointed on 15 March 2018)

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

36/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

OTHER PLACE OF BUSINESS IN HONG KONG

Unit 15, 36/F, China Merchants Tower
Shun Tak Centre
No. 168–200 Connaught Road
Central
Hong Kong

HEADQUARTER IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

14 Jiuxianqiao Road
Chaoyang District
Beijing 100015
The PRC

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

LEGAL ADVISERS

Norton Rose Fulbright Hong Kong
Tian Yuan Law Firm

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Commerzbank AG
The Hongkong and Shanghai Banking Corporation Limited
Citi Bank
China Construction Bank
Industrial and Commercial Bank of China
China Merchants Bank

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY WEBSITE

www.greatviewpack.com


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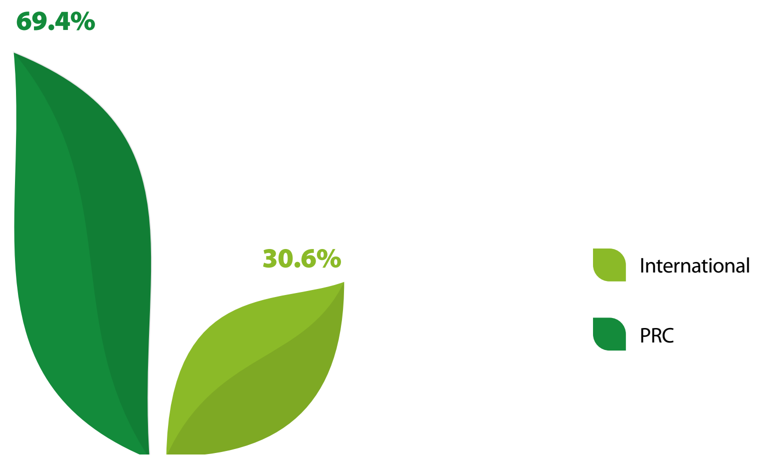
FINANCIAL SUMMARY

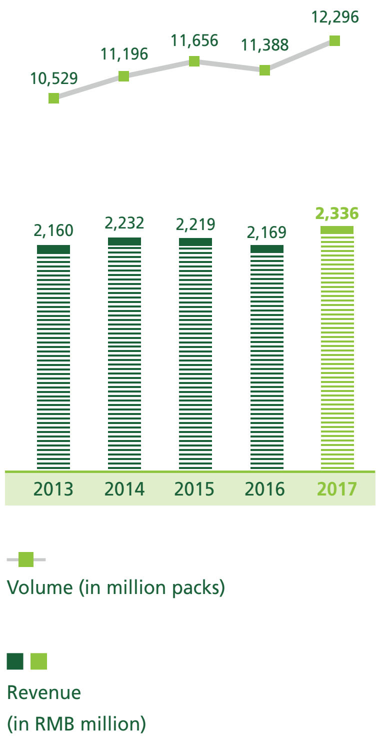
	Year ended 31 December		
	2017	2016	Percentage
	RMB (million)	RMB (million)	%
Revenue	**2,336.3**	2,169.2	7.7%
Gross profit	**638.4**	616.8	3.5%
Net profit	**343.3**	333.8	2.8%
Profit attributable to shareholders	**343.3**	333.8	2.8%
Earnings per share — basic and diluted (RMB)	**0.26**	0.25	4.0%
Proposed dividend per share (HK$)	**0.13**	0.12	8.3%

REVENUE ANALYSIS



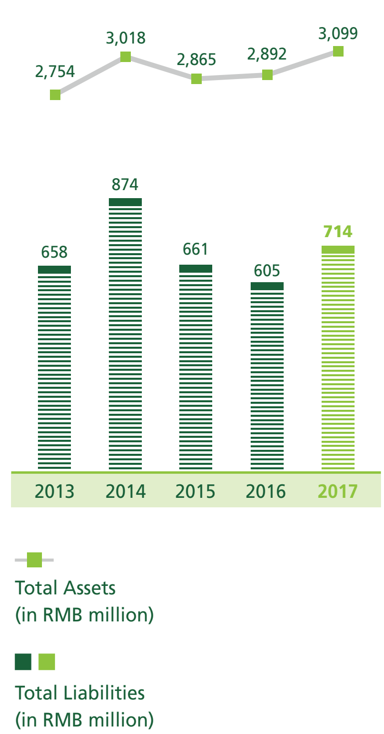
FIVE YEARS FINANCIAL SUMMARY

REVENUE TREND



PROFIT TREND

ASSET AND LIABILITY TRENDS



	2017 **RMB'000**	2016 RMB'000	2015 RMB'000	2014 RMB'000	2013 RMB'000
Assets					
Non-current assets	**1,434,873**	1,368,351	1,338,094	1,345,667	1,349,541
Current assets	**1,663,875**	1,524,011	1,527,300	1,672,141	1,404,770
Total assets	**3,098,748**	2,892,362	2,865,394	3,017,808	2,754,311
Liabilities					
Non-current liabilities	**91,223**	91,674	95,876	111,682	110,615
Current liabilities	**622,492**	513,386	564,877	761,855	546,914
Total liabilities	**713,715**	605,060	660,753	873,537	657,529
Total equity	**2,385,033**	2,287,302	2,204,641	2,144,271	2,096,782

CEO'S STATEMENT

EMBRACING A NEW GENERATION OF CONSUMERS

2017 was a year when concern over uncertainty spread across the globe. With every crisis, however, there are new opportunities that open for those with insight and the ambition to pursue them.

In the PRC, Chinese dairy output posted a 4.5% growth in volume, Alibaba launched its own private label liquid milk in 2017, while in the US and Europe, Amazon now sells milk online. As consumers increasingly rely on their mobile devices, on-line retail businesses have grown exponentially. They draw on novel behaviour; shopping while on-the-move, relaxing at home, or at any idle moment during the day; an emphasis on personal expression; and sharing information about products, ideas and experiences.

These new behaviours generate new opportunities and raise new questions. How should we sell liquid food in the future? What are the channels? How do we communicate with consumers? How do packaging companies work with customers to capture these new opportunities?

These are issues that Greatview is addressing with new products, business methods and organisational structure.

To cope with the new market environment, Greatview changed its organisational structure to improve our competitiveness. The core business of Greatview is now divided into three segments, Greatview Manufacturing, Greatview Service and Greatview Innovation, governed by a single supervisory body. Meanwhile, Greatview has aggressively developed the business, maintaining its momentum for sustainable, global development.

Greatview's sales volume in 2017 was 12.3 billion packages, marking a milestone of more than 10 billion packages for five successive years. Outside of the PRC, our business has continued to expand much faster than the market, with deliveries growing by 37% over the preceding year. According to statistics compiled by the latest annual Rabobank survey in July 2017, 7 of the world's top 10 largest dairy companies are now Greatview's customers.

Greatview Manufacturing was commended by customers a number of times during 2017 in recognition of its consistent quality and quick responses to customer's needs. In our factory in Germany, a second production line commenced production, doubling factory capacity and adding flexibility. In order to meet the manufacturing needs of the future, Greatview has taken additional steps towards intelligent manufacturing by integration of the production information system and by further developing the Variable Data Printing Platform to deliver better traceability, high security and reliability.

Greatview Service strongly supported the rest of the business by adding value to customers through rapid response and with a high degree of professionalism. Several important accounts were won in 2017 specifically because of the excellent service provided by our technicians who travel the globe, helping customers run our packaging material and improving customers' operations. Greatview's service team will continue to build up its strengths, to improve business capability and service efficiency.

Drawing on its unique-code-per-pack technology, Greatview has launched a quality code traceability solution that helps its customers trace the quality of packages faster and more accurately. Nearly 800 million packages were delivered with unique QR codes in 2017.

CEO's Statement

Greatview's "Smart Packaging" was also showcased in 2017 at Gulfood Manufacturing, the biggest and most influential food industry exhibition in the Middle East. Customers provided very enthusiastic feedback after using their own smartphones to scan QR codes, demonstrating the opportunity to establish 2-way communication channel between consumers and brand owners.

As Greatview revamps itself with ongoing efforts and initiatives, it strives to create new values for consumers, customers and shareholders, and embraces the new generation with innovative ideas.

Thank you and wishing you all a good year!

BI Hua, Jeff
CEO and Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

Our Group (Greatview Aseptic Packaging Company Limited, our "Company" or "Greatview" and its subsidiaries) provides integrated packaging solutions of aseptic packaging materials, filling machines, spare parts and technical service to the liquid food industry. We are the second largest roll-fed supplier globally and a leading alternative supplier in the PRC. Our aseptic packaging materials are sold under the trademark of "GREATVIEW", which includes "Greatview Brick", "Greatview Pillow", "Greatview Crown", "Greatview Octagon" and "Greatview Blank-Fed". Our packaging materials are fully compatible with industry-standard roll-fed and blank-fed aseptic carton filling machines, which has enabled us to secure most dairy and non-carbonated soft drink ("NCSD") carton producers in the PRC as well as numerous international clients.

In 2017, the dairy market in the PRC recorded a low single digit growth while the overall global market remained flat with intensifying competition. In face of challenging market conditions, Greatview achieved growth in its overall operating results by close customer relationship management, continuous product development, production quality, operational efficiency and high levels of service.

In respect to the PRC business, the Group sustained its sales as compared with the same period in 2016. Major first-tier customers recorded a high single digit growth which made up for a decrease elsewhere. The Group secured more than 30 new customers in 2017, including new first-tier customers.

Outside China, the Group maintained its high rate of growth across diverse markets. In Europe, against a backdrop of a flat overall market and low retail prices, Greatview increased its market share substantially as aseptic dairy and NCSD producers continue to open the supply of packaging material for their installed filling machines to competition. Business in the Middle East, South Asia, South-East Asia and Oceania grew strongly, both through supplying packaging materials for local consumers and in our support for customers exporting to the PRC.

Management Discussion And Analysis

Our technical service team expanded to support our growing global business, supporting hundreds of plants in over 40 countries. The quality of our technical service helped customers to achieve excellent efficiency and supported the competitiveness of our packaging material across different lines, machine types and markets.

"Commitment to innovation" is one of the Company's core values. In 2017, "Greatview Octagon", "Greatview Crown" and "Greatview 200 Mid" commenced production and have been widely recognised by the market, supporting Greatview's progress in capturing market share. The number of customers for variable printing grew rapidly in 2017. "Smart Packaging" using the variable printing technology was showcased at "Gulfood Manufacturing 2017", a food processing industry exhibition in the Gulf. Based on a patented one-code-per-pack technology and integrated production information system, Greatview's packaging material factories took the lead in launching a quality code traceability solution in the industry in the use of QR codes for consumer-level traceability.

In 2017, of Greatview factories made continuous improvement in product quality, food safety, environmental protection and occupational health and safety. With respect to food safety, we successfully renewed the certifications of BRC PACKAGING and FSSC 22000. The three factories were recertified to the ISO 9001:2015 Quality Management System and the ISO 14001:2015 Environmental Protection System. To further enhance safety management, the factories in Shandong and Inner Mongolia established occupational health and safety management systems and received the certification of OHSAS 18001 Occupational Health and Safety Management. In addition, these factories also set up social responsibility management systems and passed the audits including SMETA, SGP and/or DISNEY, respectively, required by customers.

In November 2017, "Chinesische Handelskammer in Deutschland", an overseas chamber of commerce established by major Chinese enterprises operating in Germany, awarded Greatview the "Medium-scale Investment Award (Greenfield Investment)" from a field of more than 2,000 Chinese-funded enterprises in Germany. The award aims to encourage businesses to take a significant step toward sustainable development in Germany.

Management Discussion And Analysis

Products

We sold a total of 12.3 billion packs during the year ended 31 December 2017 which represents an increase of 7.9% as compared with the same period in 2016. The sales volume in the PRC remained stable, while the sales volume of the business outside China maintained the high growth trend of the previous year. "Greatview Brick 250ml Base" remained as our top selling product, followed by "Greatview Brick 250ml Slim".

Although the dairy industry in the PRC is experiencing slower growth, we remain positive for the prospects of the sector in the long term, because of the trend to urbanization and the relatively low annual per capita consumption of dairy products in the PRC.

Outside of China, there remains a very large market of producers around the world who have yet to reap the benefit of opening their supply of aseptic carton packaging materials. Greatview therefore remains very optimistic for the size and value of this opportunity in 2018 and beyond.

In order to cater for the growing market of aseptically packaged products, we will continue to enrich our product portfolio through diversification in package categories and sizes, broaden our customer base, ensure the production of high quality products at all of our production plants and to strengthen our brand name in the market.

Production Capacity and Utilization

The Group has a total annual production capacity of 25.4 billion packs as at 31 December 2017. Our Group produced approximately 12.5 billion packs for the year ended 31 December 2017. The utilization rate for the year ended 31 December 2017 was 49.2%.

In August 2017, the second production line at European plant at Halle (Saale), Germany commenced commercial production.

Suppliers and Raw Materials

During the year ended 31 December 2017, the cost of raw materials increased in line with the increase of production volume.

We are continuously expanding our supplier base to manage and control the price of raw materials as well as to improve the production efficiency of our production plants.

Management Discussion And Analysis

Marketing

In the fall of 2017, Greatview hosted a conference in Hohhot, the PRC, with the theme: "Empower Marketing and Sales with Smart Packaging". The discussions with brand owners included

1. how to enable to allow dairy brands to establish an easy-to-use communication channel to create a brand-new consumer experience; and

2. to enable food safety traceability by means of the one-code-per-pack technology.

Greatview's business philosophy of "Choice Creates Value" is an excellent fit with the value-conscious Middle East market and in November 2017, we attended "Gulfood Manufacturing 2017", a food processing industry exhibition in Dubai. The exhibition of Greatview's pioneering one-code-per-pack technology in the form of "Smart Packaging" at the international exhibition delighted and inspired customers and reflected both Greatview's strength in aseptic packaging and its ambitions to develop international business operation.

Relationships with Stakeholders

The Group is committed to operate in a sustainable manner while balancing the interests of its various stakeholders including customers, suppliers, employees, shareholders and the communities. This includes providing the Group's customers with the good quality products, and timely, appropriate pre/after sales services. Similarly, the Group views its suppliers not just vendors but as strategic partners, important links in its supply chain. The Group's procurement policy is to maintain good relationship and communications with suppliers under the principal of mutual trust. The Group always endeavors to enhance its enterprise value, ensure the Company's long-term and stable development and benefit its shareholders. The Group considers its employees as the key to sustainable business growth. Workplace safety is the priority of the Group, and with due awareness of all employees throughout the year, the Group was able to maintain safety workplaces. We uphold our vision of common development with the communities and actively carry out volunteer activities to the best of our ability.

Management Discussion And Analysis

Compliance with Applicable Laws and Regulations

For the year ended 31 December 2017, the Group's operations are mainly carried out by the Company's subsidiaries in the PRC, Hong Kong, Germany and Switzerland. The Group accordingly shall comply with relevant laws and regulations in the PRC, Hong Kong, Germany and Switzerland and the respective places of incorporation of the Company and its subsidiaries.

During the year and up to the date of this annual report, the Board was not aware of any non-compliance with relevant laws and regulations that have a significant impact on the business and operations of the Group.

FINANCIAL REVIEW

Overview

For the year ended 31 December 2017, the Company managed to maintain steady growth against an environment of increased competition. With optimization of the product portfolio and production efficiency to minimize costs, and aggressive pursuit of market share, we achieved an increase in revenue and profit for the year. We have also generated free cash we propose to award as dividend. Our management is pleased with the financial results, will continue to capture growth in the aseptic packaging industry, and will pursue potential business opportunities to further enhance return to our shareholders.

Revenue

We primarily derive revenue from the PRC and international sales of aseptic packaging and related services to dairy and NCSD producers. Revenue of our Group increased by 7.7% from RMB2,169.2 million for the year ended 31 December 2016 to RMB2,336.3 million for the year ended 31 December 2017. The increase was primarily due to the rapid growth of sales volume in international market.

With respect to the PRC segment, our revenue decreased by RMB7.5 million, or 0.5%, to RMB1,620.2 million for the year ended 31 December 2017 from RMB1.627.7 million for the year ended 31 December 2016. The decrease was mainly impacted by the sales volume decline in the PRC market.

With respect to the international segment, our revenue increased by RMB174.6 million, or 32.2%, to RMB716.1 million for the year ended 31 December 2017 from RMB541.5 million for the year ended 31 December 2016. The main contributor was the increase in sales volume in international market.

Management Discussion And Analysis

Our revenue from dairy customers increased by RMB112.9 million, or 6.0%, to RMB2,004.8 million for the year ended 31 December 2017 from RMB1,891.9 million for the year ended 31 December 2016, and our revenue from NCSD customers increased by RMB54.3 million, or 19.6%, to RMB331.5 million for the year ended 31 December 2017 from RMB277.2 million for the year ended 31 December 2016. It was mainly contributed by the increase of sales volume in international market.

Cost of Sales

Our cost of sales increased by RMB145.6 million, or 9.4%, to RMB1,697.9 million for the year ended 31 December 2017 from RMB1,552.3 million for the year ended 31 December 2016. The growth in cost of sales mainly due to the increase of total sales volume and the slight increase of unit cost with products diversification in PRC business.

Gross Profit and Gross Margin

As a result of the foregoing factors, our gross profit increased by RMB21.6 million, or 3.5% from RMB616.8 million for the year ended 31 December 2016 to RMB638.4 million for the year ended 31 December 2017. Our gross margin decreased by 1.1 percentage points to 27.3% for the year ended 31 December 2017 from 28.4% for the year ended 31 December 2016. It was primarily due to the decrease of unit selling price in international business and the increase of unit cost in PRC business.

Other Income

Our other income increased by RMB7.2 million, or 15.5%, to RMB53.6 million for the year ended 31 December 2017 from RMB46.4 million for the year ended 31 December 2016. It was primarily due to the increase in income from sales of materials and income from wealth management products.

Distribution Expenses

Our distribution expenses increased by RMB19.0 million, or 18.7%, to RMB120.5 million for the year ended 31 December 2017 from RMB101.5 million for the year ended 31 December 2016. The increase in expenses was primarily due to the increase in transportation expenses and outward port service charges with the growth in sales volume of international business.

Administrative Expenses

Our administrative expenses decreased by RMB9.9 million, or 7.0%, to RMB130.7 million for the year ended 31 December 2017 from RMB140.6 million for the year ended 31 December 2016. The decrease in expenses was primarily due to the reclassification of local tax and fee for RMB7.6 million to cost of sales.

Management Discussion And Analysis

Taxation

Our tax expenses increased by RMB4.3 million to RMB101.1 million for the year ended 31 December 2017 from RMB96.8 million for the year ended 31 December 2016. Effective tax rate increased by 0.3 percentage points to 22.8% for the year ended 31 December 2017 from 22.5% for the previous financial year.

Profit for the Year and Net Profit Margin

Our net profit increased by RMB9.5 million, or 2.8%, to RMB343.3 million for the year ended 31 December 2017 from RMB333.8 million for the year ended 31 December 2016. Our net profit margin decreased by 0.7 percentage points to 14.7% for the year ended 31 December 2017 from 15.4% for the year ended 31 December 2016.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2017, we had RMB355.8 million (31 December 2016: RMB206.1 million) in cash and cash equivalents. Our cash and cash equivalents consist primarily of cash on hand and bank balances which are primarily held in RMB denominated accounts with banks in the PRC.

As at 31 December 2017, we had RMB120.4 million (31 December 2016: RMB372.8 million) in available-for-sale financial assets, which represented wealth management products purchased from certain commercial banks in the PRC for treasury management purposes.

Analysis of Turnover of Inventories, Trade Receivables and Payables

Our Group's inventories primarily consist of raw materials and finished goods. Turnover days for inventory (inventories/cost of sales) decreased from 117.1 days as at 31 December 2016 to 114.5 days as at 31 December 2017. Turnover days for trade receivables (trade receivables/revenue) decreased from 55.0 days as at 31 December 2016 to 51.5 days as at 31 December 2017. Turnover days for trade payables (trade payables/cost of sales) decreased from 56.0 days as at 31 December 2016 to 44.5 days as at 31 December 2017.

Borrowings and Finance Cost

Total borrowings of our Group as at 31 December 2017 were RMB112.9 million (31 December 2016: RMB104.5 million) and denominated in Euro. For the year under review, net finance income of our Group was approximately RMB3.5 million (31 December 2016: RMB5.6 million).

Management Discussion And Analysis

Gearing Ratio

As at 31 December 2017, the gearing ratio (calculated by dividing total loans and bank borrowings by total equity) of our Group was 0.05 (31 December 2016: 0.05), which was in line with the growth of outstanding loans.

Working Capital

Our working capital (calculated by the difference between the current assets and current liabilities) as of 31 December 2017 was RMB1,041.4 million (31 December 2016: RMB1,010.6 million).

Foreign Exchange Exposure

Our Group's sales were primarily denominated in RMB, Euro and USD. During the year under review, our Group recorded exchange loss of RMB4.6 million (31 December 2016: exchange loss of RMB0.7 million).

Capital Expenditure

As at 31 December 2017, our Group's total capital expenditure amounted to approximately RMB144.7 million (31 December 2016: RMB120.7 million), which was used for constructing new building and purchasing production machines and equipment for the Group.

Charge on Assets

As at 31 December 2017, our Group neither pledged any property, plant and equipment (31 December 2016: nil) nor land use right (31 December 2016: nil).

Contingent Liabilities

As disclosed in the prospectus of the Company dated 26 November 2010, a claim was brought by Tetra Laval Holdings & Finance S.A., Pully Switzerland ("Tetra Pak") in July 2010 in the Dusseldorf district court in Germany (the "Court"), alleging patent infringement of a claim of a European patent related to aseptic packaging material ("Tetra Pak's Claim") against two group companies.

The Court has denied Tetra Pak's Claim in December 2011 and found Tetra Pak liable for the costs of the proceedings (the "Judgment"). On 16 January 2012, Tetra Pak filed a notice of appeal to Dusseldorf Higher Regional Court against the Judgment. As at 31 December 2017, the appeal was pending decision of the opposition proceedings.

Management Discussion And Analysis

On 20 October 2010, we commenced opposition proceedings before the European Patent Office ("EPO") to invalidate the subject patent in question in Tetra Pak's infringement claim, with effect throughout all EPO member states. On 27 November 2012, the opposition division of EPO revoked the subject patent in its entirety; however, Tetra Pak filed an appeal on 17 April 2013 against the first instance decision. On 23 December 2013, the Company filed a reply in response to Tetra Pak's appeal. As at 31 December 2017, the appeal was under process at EPO. Based on the communication with our legal advisor on German law, the Company made its assessment that the Group may prevail in the defense against Tetra Pak's appeal. Further disclosure will be made as and when appropriate.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2017, our Group employed approximately 1,246 employees (31 December 2016: 1,241 employees). Our Group offered competitive salary package, as well as discretionary bonuses, cash subsidies and contribution to social insurance to our employees. In general, we determine employee salaries based on each employee's qualifications, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis of our decisions with respect to salary raises, bonuses and promotions. Share option schemes have also been adopted for employees of our Group. In order to ensure that our Group's employees remain competitive in the industry, the Company has adopted training schemes for our employees managed by our human resources department.

PROSPECTS

Greatview focuses on the PRC and international markets. We intend to support our future growth through:

- Expanding our market share in the PRC through higher penetration of existing customers and growing our customer base;

- Further developing our international business;

- Broadening our product offering of packaging material and filling equipment, and improving after sales service; and

- Driving operational excellence.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. BI Hua, Jeff (畢樺)

Mr. BI Hua, Jeff (畢樺), aged 54, joined the Group as Chief Executive Officer in March 2003 and was appointed as an executive director of the Company (the "Director") on 29 July 2010. He is primarily responsible for our overall business strategy formulation, execution and organizational development. Mr. Bi is also a director of our subsidiaries, namely Partner One Enterprises Limited ("Partner One"), Greatview Holdings Limited ("Greatview Holdings"), Greatview Aseptic Packaging (Shandong) Co. Ltd. ("Shandong Greatview Aseptic"), Greatview Aseptic Packaging (Inner Mongolia) Co. Ltd. ("Inner Mongolia Greatview Aseptic"), Greatview Beijing Trading Co. Ltd. ("Beijing Greatview"), Greatview Aseptic Packaging Europe GmbH (formerly known as Tralin Pak Europe GmbH and GA Pack Europe GmbH), and Greatview Aseptic Packaging Manufacturing GmbH (formerly known as GA Pack Property GmbH and GA Pack Manufacturing GmbH). Mr. Bi has more than 20 years of experience in marketing development in the aseptic packaging industry as well as company management. From 1997 to 2003, he was a sales and marketing manager at a leading aseptic packaging producer. From 1992 to 1997, Mr. Bi was the Greater China manager of Echostar Corporation, a software and service provider for television companies worldwide. Mr. Bi graduated from the University of Denver with a Master of Arts degree in 1991. He did not hold any directorship in other listed public companies in the last three years. For the interests of Mr. Bi in the shares of the Company (the "Shares") or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO") as at 31 December 2017, please refer to the paragraph headed "Interests and Short positions of the Directors and Chief Executive in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" of page 28 of this annual report for details.

Mr. LIU Jun (劉鈞)

Mr. LIU Jun (劉鈞), aged 56, is our Chief Operating Officer. Mr. Liu joined the Group in October 2009 and was appointed as executive Director on 29 August 2014. He is primarily responsible for management and operations. Mr. Liu is also a director of our subsidiaries, namely Partner One, Greatview Holdings, Shandong Greatview Aseptic, Inner Mongolia Greatview Aseptic, Beijing Greatview, Greatview Aseptic Packaging Europe GmbH (formerly known as Tralin Pak Europe GmbH and GA Pack Europe GmbH), and a supervisor of Greatview Beijing Packaging Equipment Co. Ltd. Mr. Liu has nearly 25 years of experience in management and technology, including many years in high-tech industries. Mr. Liu was the general manager of the China branch of an international process control product producer for the semiconductor, mask, and related industries from 2006 to 2009. Prior to joining the aforesaid company, Mr. Liu was with an international producer of chemical vapor deposition (CVD), physical vapor deposition (PVD), electrochemical deposition (ECD), and surface preparation equipment used in the manufacturing of semiconductors. Mr. Liu graduated from Peking University in the PRC with a Bachelor of Science in Physics in 1983. He obtained a Doctor of Philosophy (Ph.D) in Materials Science from Cornell University in 1992 and an Executive MBA from the China Europe International Business School in the PRC in 2008. He did not hold any directorship in other listed public companies in the last three years.

Board of Directors and Senior Management

Non-executive Directors

Mr. HONG Gang (洪鋼)

Mr. HONG Gang (洪鋼), aged 59, is our co-founder and Chairman. Mr. Hong joined the Group in March 2003. He was appointed as an executive Director on 29 July 2010 and was re-designated as non-executive Director on 29 August 2014. He is primarily responsible for the strategic development and supervision of investor relations of our Group. Mr. Hong has more than 29 years of experience in the packaging industry. From 1993 to 2002, he held various executive positions with a leading aseptic packaging producer. Mr. Hong graduated from Zhejiang University in China with a Bachelor of Science degree in 1982 and obtained a Master of Philosophy (Development Studies) degree from Sussex University in the United Kingdom in 1987. He did not hold any directorship in other listed public companies in the last three years. For the interests of Mr. Hong in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO as at 31 December 2017, please refer to the paragraph headed "Interests and Short positions of the Directors and Chief Executive in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" of page 28 of this annual report for details.

Mr. HSU David (許立慶) (appointed on 9 August 2017)

Mr. HSU David (許立慶), aged 59, is a non-executive Director. Mr. Hsu has over 30 years of experience in management and financial investment. Mr. Hsu has been a director of Jardine Matheson Holdings Limited (Jardine Matheson Holdings Limited and its subsidiaries are referred as "Jardine Matheson Group"), a company listed on the London Stock Exchange with secondary listings in Bermuda and Singapore, since May 2016, and has been the chairman of Jardine Matheson (China) Limited since April 2011 with responsibility for supporting the development of the Jardine Matheson Group's business activities in mainland China, Taiwan and Macau. Prior to joining the Jardine Matheson Group in 2011, he was the chief executive of J.P. Morgan Asset Management in the Asia Pacific Region supervising the asset management operation in Greater China (Hong Kong, China and Taiwan), Japan, Korea, Singapore, Australia and India. Since 2014, Mr. Hsu has been a director of Jardine Strategic Holdings Limited, a Jardine Matheson Group's company listed on the London Stock Exchange with secondary listings in Bermuda and Singapore, which owns 100% of JSH Venture Holdings Limited, a substantial shareholder of the Company. As at the date of this report, JSH Venture Holdings Limited holds 377,132,584 Shares, which represents approximately 28.21% of the issued share capital of the Company. Mr. Hsu is a vice chairman of the China Committee of the Hong Kong General Chamber of Commerce, and chairman of FTSE TWSE Taiwan Index Series Advisory Committee. Mr. Hsu is a past chairman of the Taiwan Securities Investment Trust and Consulting Association, and a former vice chairman of the Taiwan Pension Association. Mr. Hsu graduated from the National Chiao Tung University with a bachelor's degree (first class honours) in management in 1980 and obtained an MBA from the National Cheng Chih University in Taiwan. Save as disclosed above, he did not hold any directorship in other listed public companies in the last three years.

Board of Directors and Senior Management

Independent Non-executive Directors

Mr. LUETH Allen Warren

Mr. LUETH Allen Warren, aged 49, was appointed as an independent non-executive Director on 15 November 2010. Mr. Lueth is primarily responsible for scrutinizing and monitoring the performance of the Group. Mr. Lueth is currently an independent director of Fanhua Inc. (FANH NASDAQ), one of the largest independent insurance agencies in the PRC. Mr. Lueth is also vice president of finance of Cardinal Health China (formerly owned by Zuellig Pharma), a company focused on pharmaceutical distribution. He has worked for the company since 2005, previously in the position of chief financial officer. Previously Mr. Lueth worked for GE Capital from 1998 to 2004 in a variety of roles, including chief financial officer and chief executive officer for the Taiwan operations, and representative for China. Earlier, he served with Coopers & Lybrand as an auditor. Mr. Lueth received his Bachelor of Science in business degree from the University of Minnesota and an MBA degree from the Kellogg School of Management at Northwestern University. Mr. Lueth obtained his certificate as a certified public accountant in 1991 and certified management accountant in 1994. Save as disclosed above, he did not hold any directorship in other listed public companies in the last three years.

Mr. BEHRENS Ernst Hermann

Mr. BEHRENS Ernst Hermann, aged 70, was appointed as an independent non-executive Director on 15 November 2010. Mr. Behrens is primarily responsible for scrutinizing and monitoring the performance of our Group. Mr. Behrens is currently a senior adviser on China business of Vermilion Partners Limited which is a private equity and investment advisory firm based in China offering a range of merchant banking and corporate advisory services to leading multinationals, Chinese companies and investors. Mr. Behrens was the non-executive chairman of EADS China from 2007 to 2009 and president and chief executive officer of EADS China from 2005 to 2006. From 1997 to 2004, Mr. Behrens served as president and chief executive officer of Siemens Ltd., China and from 1992 to 1997, he served as president and chief executive officer of Siemens Inc. Philippines. Prior to joining Siemens Inc. Philippines, Mr. Behrens was an executive vice president of Electronic Telephone Systems, Industries Inc., Philippines from 1984 to 1992; a country representative for Siemens in Jebsen and Co. PRC, from 1981 to 1984; a technical and administration manager of Nixdorf Computers, Hong Kong from 1976 to 1981; head of field engineering of Nixdorf Computers, Germany from 1972 to 1976 and an electronics engineer of German Naval Air Force, Germany from 1968 to 1971. Mr. Behrens was the chairman of the Executive Committee of Foreign Investment Companies (ECIFC) in China from 2002 to 2005; president of European Union Chamber of Commerce in China from 2002 to 2004; president of German Chamber of Commerce in China from 1999 to 2001; president of European Chamber of Commerce in Philippines from 1995 to 1997 and its treasurer from 1993 to 1994. Mr. Behrens was honored by Beijing Municipality with the Great Wall Friendship Award in 2004; awarded by Shanghai Municipality with the Magnolia Award Gold level in 2003 and decorated by the German government with the cross of the Order of Merit in 1993. In April 2011, Mr. Behrens was appointed as independent non-executive director by Deutsche Bank (China) Co. Ltd. and non-executive director by Nordex (Beijing) Wind Power Engineering & Technology Co. in the first half year of 2011. Save as disclosed above, he did not hold any directorship in other listed public companies in the last three years.

Mr. ZHU Jia (竺稼)

Mr. ZHU Jia (竺稼), aged 55, joined the Group in 2006 and was appointed as a non-executive Director on 29 July 2010 until his re-designation as an independent non-executive Director on 15 March 2018. He is currently a managing director of Bain Capital Asia. From 1996 to 2006, Mr. Zhu was a managing director of Morgan Stanley Asia Limited and the chief executive officer of its China business. Mr. Zhu is currently a non-executive director of Clear Media Limited (stock code: 100) and an independent non-executive director of Sunac China Holdings Limited (stock code: 1918), both are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). From November 2007 to March 2016, Mr. Zhu was an independent non-executive director of Youku Tudou Inc. (a company listed on New York Stock Exchange). He also served as a non-executive director of GOME Electrical Appliances Holding Limited (currently known as Gome Retail Holdings Limited) (stock code: 493) from August 2009 to January 2015, the shares of which are listed on the Main Board of the Stock Exchange. Mr. Zhu graduated from Zhengzhou University with a Bachelor of Arts degree in 1982 and obtained a Master of Arts degree from Nanjing University in 1984. He obtained a Juris Doctor Degree from Cornell Law School in 1992. Save as disclosed above, he did not hold any directorship in other listed public companies in the last three years.

SENIOR MANAGEMENT

Mr. BI Hua, Jeff (畢樺)

Biographical details of Mr. BI are set out on page 20 of this annual report.

Mr. LIU Jun (劉鈞)

Biographical details of Mr. LIU are set out on page 20 of this annual report.

Mr. CHANG Fuquan (常福泉)

Mr. CHANG Fuquan (常福泉), aged 60, is our Chief Financial Officer and one of our joint company secretaries. Mr. Chang joined our Group in June 2005. He is primarily responsible for the overall accounting, financial management and treasury of our Group. Mr. Chang has over 28 years of experience in financial management. Prior to joining us, Mr. Chang was the chief finance officer of Fujian Nanping Nanfu Battery Co., Ltd. from 2002 to 2005, the finance controller of John Deere Jialian Harvester Co. Ltd. from 1999 to 2001, the deputy finance controller of China Automotive Components Corporation from 1997 to 1999, the chief financial officer of San Miguel Bada (Baoding) Brewery Co., Ltd. from 1995 to 1996 and the financial director of China Enterprise Culture Group from 1992 to 1994. Mr. Chang has also worked as the financial supervisor at 北京麥當勞食品有限公司 (Beijing McDonald's Food Co Ltd.) from 1994 to 1995 and as an accountant in each of Bohai Oil Corporation and Oil Drilling Service Co, both being subsidiaries of China National Offshore Oil Corporation from 1985 to 1992. Mr. Chang graduated from Xiamen University in the PRC in 1985, major in International Accounting. He completed a Master of Accounting Class in Xiamen University in the PRC in 1998.

Board of Directors and Senior Management

Mr. CHEN Guining (陳桂寧)

Mr. CHEN Guining (陳桂寧), aged 62, is our Chief Technical Officer. Mr. Chen joined our Group in May 2003. He is primarily responsible for technical project of aseptic packaging and filling machine. Mr. Chen has over 25 years of experience in the aseptic packaging industry. Prior to joining us, Mr. Chen was a technical service engineer of a leading aseptic packaging materials producer from 1988 to 2001 and its field service manager from 2001 to 2003, respectively. Mr. Chen graduated from the Beijing Open University with a Bachelor of Science in Machinery Science in 1983.

Mr. YANG Jiuxian (楊久賢)

Mr. YANG Jiuxian (楊久賢) aged 54, is our Sales Director. Mr. Yang joined our Group in September 2003. He is primarily responsible for domestic sales. Mr. Yang has over 18 years of experience in dairy industry management and sales. Mr. Yang was the general manager of NIUMAMA Dairy Co., Ltd. in 2003. Prior to joining NIUMAMA Dairy Co., Ltd., Mr. Yang was a key account manager of Northeast China and Inner Mongolia for a leading aseptic packaging materials producer in Beijing from 2000 to 2003 and a key account manager of six provinces in southwest China for the aforesaid company's Shanghai office from 1998 to 2000. Mr. Yang graduated from the Beijing Union University with a Bachelor of Chinese Language and Literature degree in 1986.

Mr. CHEN Zuqing (陳祖慶)

Mr. CHEN Zuqing (陳祖慶), aged 49, is the Technical Services Director of our Group and serves concurrently as the Plant Manager of Greatview Beijing Packaging Equipment Co., Ltd. Mr. Chen joined our Group in April 2014. He is primarily responsible for after-sales service and technical support for aseptic packaging materials and aseptic filling equipment. Mr. Chen has 18 years of experience in the aseptic packaging industry. Prior to joining our Group, Mr. Chen worked for a leading aseptic packaging materials producer in several positions in the area of technical services from 1997 to 2014. From 1991 to 1997, he worked in Sichuan Airlines and was engaged in management of electronic and electrical maintenance for aircraft. Mr. Chen graduated from the Department of Electrical Engineering of Harbin Institute of Technology in 1991, with a major in micro-motor and electrical control, and a Bachelor of Engineering.

REPORT OF THE DIRECTORS

The board of directors of the Company (the "Board") presents its report together with the audited consolidated financial statements of the Company and the Group for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of its subsidiaries are set out in note 31 to the consolidated financial statements. There were no significant changes in nature of the Group's activities during the year.

BUSINESS MODEL AND STRATEGY

Our mission is to create and add value to the liquid food industry and benefit consumers around the world. We are committed to provide to our customers with customized, high quality and competitively priced products. The Group always endeavours to enhance its enterprise value, ensure the Company's long-term and stable development and benefit its shareholders and other stakeholders. These were demonstrated by putting resources on innovation and research and development in order to continue improving the quality of products and services. The discussion and analysis of the Group's performance and the business review for the year ended 31 December 2017 are set out on pages 11 to 19 under Management Discussion and Analysis and pages 25 to 34 under the Report of the Directors of this annual report respectively.

RESULTS

The results of the Group for the year ended 31 December 2017 are set out in the consolidated income statement.

BUSINESS REVIEW AND OUTLOOK

The business review and outlook of the Group for the year ended 31 December 2017 are set out in the section headed Management Discussion and Analysis on pages 11 to 19 of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operation, business and prospects may be affected by a number of risks and uncertainties. Key risks and uncertainties identified by the Group are set out on page 45 under the Corporate Governance Report of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to enhancing environmental protection to minimize the impact of its activities on the environment. It is the policy of the Group to promote clean operation and strives to making the most efficient use of resources in its operations, and minimizing wastes and emission. The Group achieves this through actively re-designing its production activities and operation that encourage and promote recycling of resources, using environmental friendly raw materials and reviewing production operations constantly to ensure that the production processes are effective and efficient.

For more details, please refer to the corporate sustainability report of the Group prepared according to the "Environmental, Social and Governance Reporting Guide" pursuant to Appendix 27 of the Listing Rules. A separated report is expected to be issued in July 2018.

Report of the Directors

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2017, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for 18.0% and 63.8% respectively of the Group's total purchases for the year. Revenue attributable to the Group's largest customer and the five largest customers in aggregate accounted for 50.8% and 61.9% respectively of the Group's total revenue for the year.

None of the Directors or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any material beneficial interest in the Group's five largest customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 6 to the consolidated financial statements.

SHARE CAPITAL

During the year ended 31 December 2017, the Company purchased a total of 522,000 ordinary Shares at an aggregate purchase price of HK$1,957,470 on the Stock Exchange. All Shares bought-back were cancelled during the year under review. Further details of the purchase by the Company of its ordinary Shares during the year under review are disclosed under the section headed "Purchase, Sale or Redemption of the Shares" in the Report of the Directors.

Details of movements during the year under review in the share capital of the Company are also set out in note 13 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the year under review are set out in the consolidated statement of changes in equity.

As at 31 December 2017, the Company had reserves available for distribution of RMB693.1 million (2016: RMB777.6 million).

DIRECTORS

The Directors during the year under review and up to the date of this annual report were:

Executive Directors

Mr. BI Hua, Jeff
Mr. LIU Jun

Non-Executive Directors

Mr. HONG Gang
Mr. HSU David (appointed on 9 August 2017)

Independent Non-Executive Directors

Mr. LUETH Allen Warren
Mr. BEHRENS Ernst Hermann
Mr. ZHU Jia (re-designated on 15 March 2018)
Mr. DANG Xinhua (passed away on 16 November 2017)

Report of the Directors

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 20 to 24 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") from each of the independent non-executive Directors and the Company considers such Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors and non-executive Directors has entered into a service contract and letter of appointment respectively with the Company for an initial fixed term of two years unless terminated by not less than three months' notice in writing served by either party on the other.

Our non-executive Director, Mr. Hsu David, has entered into a letter of appointment with the Company for a term of two years commencing from 9 August 2017, terminable by not less than three months' notice in writing served by either party on the other. Our independent non-executive Director, Mr. LUETH Allen Warren, has renewed the letter of appointment with the Company for a term of two years commencing from 9 December 2017 unless terminated by not less than three months' notice in writing served by either party on the other.

None of the Directors, including those to be re-elected at the forthcoming annual general meeting, has a service contract which is not determinable by the Group within one year without the payment of compensation, other than statutory compensation.

EMOLUMENT POLICY

A remuneration committee is set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

The Company has adopted share option schemes as incentive to eligible employees, details of the schemes are set out in the section headed "Share Option Schemes" below.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five individuals with highest emoluments are set out in note 25 and note 36 to the consolidated financial statements.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2017, interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") are as follows:

Interests and short position in the Shares and underlying Shares

Name of Director/ Chief Executive	No. of Shares	Notes	Capacity	Nature of interest	Percentage of total number of Shares in issue (%) (Note 4)
Hong Gang	78,141,966	1	Interest of controlled corporation	Long position	5.84%
	2,673,000	2	Interest of controlled corporation	Long position	0.20%
Total long position	80,814,966				6.04%
Bi Hua, Jeff	129,000,000	3	Founder of a discretionary trust	Long position	9.65%

Notes:

(1) Phanron Holdings Limited ("Phanron") is wholly-owned by Hong Gang and he is therefore deemed to be interested in the 78,141,966 Shares held by Phanron.

(2) Liwei Holdings (PTC) Limited ("Liwei") is 50% owned by each of Hong Gang and Gao Wei. Therefore, Hong Gang and Gao Wei are deemed to be interested in all of the underlying Shares to be issued pursuant to the options granted to Liwei under the Pre-IPO share option scheme of the Company adopted by the Company on 15 November 2010 (the "Pre-IPO Share Option Scheme").

On 22 November 2010, 22,000,000 options were granted to Liwei under the Pre-IPO Share Option Scheme. On 17 March 2011, 284 employees were granted (by way of transfer) by Liwei the rights to take up the 20,010,000 options granted to Liwei under the Pre-IPO Share Option Scheme upon vesting of their options. On 12 April 2013, 3,236,000 options which were previously granted by Liwei to the aforesaid employees but which lapsed prior to transfer to such employees were reallocated to 193 employees of the Group. On 1 September 2011, 1 June 2012, 1 June 2013 and 1 June 2014, 3,546,000 options, 4,616,000 options, 5,800,000 options and 5,365,000 options were vested respectively. Liwei is therefore deemed to be interested in 2,673,000 Shares in a long position.

(3) Foxing Development Limited ("Foxing") is directly interested in 129,000,000 Shares. Foxing is wholly-owned by Hill Garden Limited ("Hill Garden") and is therefore deemed to be interested in the same 129,000,000 Shares. Bi Hua, Jeff is the founder of the trust that wholly-owns Hill Garden. Bi Hua, Jeff, therefore, is deemed to be interested in the same 129,000,000 Shares.

(4) There were 1,337,019,000 Shares in issue as at 31 December 2017.

Save as disclosed above, as at 31 December 2017, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2017, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Interests and short position in the Shares and underlying Shares

Name of Substantial Shareholder	No. of Shares	Notes	Capacity	Nature of interest	Percentage of total number of Shares in issue (%) (Note 7)
Phanron	78,141,966		Beneficial owner	Long position	5.84%
Madam XU Zhen	78,141,966	1	Interest of spouse	Long position	5.84%
	2,673,000	1	Interest of spouse	Long position	0.20%
	80,814,966				6.04%
Hill Garden	129,000,000	2	Interest of controlled corporation	Long position	9.65%
Foxing	129,000,000	2	Beneficial owner	Long position	9.65%
Madam BI Wei Li	129,000,000	3	Interest of spouse	Long position	9.65%
JSH Venture Holdings Limited	377,132,584	4	Beneficial owner	Long position	28.21%
Jardine Strategic Holdings Limited	377,132,584	4	Interest of controlled corporation	Long position	28.21%
Jardine Matheson Holdings Limited	377,132,584	4	Interest of controlled corporation	Long position	28.21%
Prudential plc	119,947,900	5	Interest of controlled corporation	Long position	8.97%
Janus Henderson Group PLC	67,048,000	6	Investment manager	Long position	5.01%

Notes:

(1) Madam XU Zhen is interested in a long position of 80,814,966 Shares by virtue of her being the spouse of Hong Gang.

(2) Foxing has a direct interest in 129,000,000 Shares. Hill Garden is interested in 100% of Foxing. Therefore, Hill Garden is deemed to be interested in 129,000,000 Shares. Bi Hua, Jeff is the founder of the Trust that wholly-owns Hill Garden.

(3) Madam Bi Wei Li is interested in a long position of 129,000,000 Shares by virtue of her being the spouse of Bi Hua, Jeff.

(4) JSH Venture Holdings Limited has a direct interest in 377,132,584 Shares. Jardine Strategic Holdings Limited is interested in 100% of JSH Venture Holdings Limited. JMH Investments Limited, which is interested in 83.63% of Jardine Strategic Holdings Limited, is wholly-owned by Jardine Matheson Holdings Limited. Therefore, Jardine Strategic Holdings Limited and Jardine Matheson Holdings Limited are deemed to be interested in 377,132,584 Shares.

(5) The interest of Prudential plc was attributable on account through a number of its subsidiaries.

(6) Janus Henderson Group PLC is a listed company on the New York Stock Exchange.

(7) There were 1,337,019,000 Shares in issue as at 31 December 2017.

Save as disclosed above, and as at 31 December 2017, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

Report of the Directors

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director had a material interest (direct or indirect), subsisted at the end of the financial year or at any time during the year ended 31 December 2017.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year under review were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

DIRECTORS' INDEMNITIES

Pursuant to article 164 of the articles of association of the Company (the "Articles"), every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

CONNECTED TRANSACTIONS

During the year ended 31 December 2017, there was no connected transaction or continuing connected transaction of the Company under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules. Details of significant related party transactions undertaken in the usual course of business are set out in note 32 to the consolidated financial statement. None of these related party transactions constitute a discloseable connected transaction as defined under the Listing Rules.

PURCHASE, SALES OR REDEMPTION OF THE SHARES

During the year ended 31 December 2017, the Company purchased a total of 522,000 shares at an aggregate purchase price before expenses of HK$1,957,470 on the Stock Exchange. Details of the purchases of such shares were as follows:

Month of purchase	Number of Shares purchased	Price per Share		Aggregate purchase price
		Highest	Lowest	
		(HK$)	(HK$)	(HK$)
February 2017	522,000	3.75	3.74	1,957,470
Total	522,000			1,957,470

All the 522,000 purchased shares were cancelled during the year under review. The above repurchases were effected by the Directors pursuant to the mandate from shareholders, with a view to benefit shareholders as a whole in enhancing the net assets and earnings per Share. Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year under review.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES, FUTURE PLANS FOR MATERIAL INVESTMENT OR ACQUISITION OF CAPITAL ASSETS

During the year ended 31 December 2017, there was no material acquisition and disposal of subsidiaries and associated companies by the Company. As at the date of this annual report, the Group has no plan to make any significant investment or acquisition of capital assets.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

During the year ended 31 December 2017, the Directors were not aware of any business or interest of the Directors or any substantial shareholder (as defined under the Listing Rules) of the Company and their respective associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2017 are set out in note 20 to the consolidated financial statements.

RETIREMENT SCHEMES

Information of the retirement schemes of the Group are set out in note 2.21 and 25 to the consolidated financial statements.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in Appendix 10 — Model Code under the Listing Rules. Specific enquiry has been made of all the Directors and the Directors have confirmed that they had complied with such code of conduct during the year ended 31 December 2017.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2017.

DONATIONS

During the year ended 31 December 2017, the Group did not make any donations to charity.

EQUITY-LINKED AGREEMENTS

Save for the share option schemes of the Company as disclosed in the section headed "Share Option Schemes" of this Report of the Directors, the Company has not entered into any equity-linked agreement for the year ended 31 December 2017.

Report of the Directors

SHARE OPTION SCHEMES

Pre-IPO Share Option Scheme

On 15 November 2010, the Pre-IPO Share Option Scheme was adopted by resolution of shareholders of the Company. The main purpose of the scheme is, among others, to provide incentives to the employees of the Group with regard to their services and employment. Pursuant to the Pre-IPO Share Option Scheme, for a consideration of HK$1.00, Liwei was granted options ("Pre-IPO Options") to subscribe for up to 22,000,000 Shares, and Liwei will grant (by way of transfer) the Pre-IPO Options to eligible participants. Prior approval from the Board is required for Liwei to grant the Pre-IPO Options. Such approval covers key terms of the Pre-IPO Options including eligibility, performance target and share subscription price.

The exercise price per Share under the Pre-IPO Share Option Scheme is HK$4.30, being the price per Share at the global offering of the Shares in December 2010. No further option was granted under the Pre-IPO Share Option Scheme on or after the day of the listing of the Shares on the Stock Exchange on 9 December 2010 ("Listing Date"). All options granted under the Pre-IPO Share Option Scheme may be exercised during the option period after the Listing Date to the date falling 10 years from the Listing Date subject to conditions imposed by the Board to the respective employees. The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Pre-IPO Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

Set out below are the details of the outstanding options granted under the Pre-IPO Share Option Scheme:

Name of grantees	Notes	Date of grant/ vesting	Exercise period	Exercise price (HK$)	Pre-IPO Options outstanding as at 1 January 2017	Pre-IPO Options vested during the period	Pre-IPO Options exercised during the period	Pre-IPO Options lapsed/ expired during the period	Pre-IPO Options outstanding as at 31 December 2017
Liwei	1	22/11/2010	09/12/2010-22/11/2020	4.30	2,673,000	–	–	–	2,673,000
Total					2,673,000	–	–	–	2,673,000

Notes:

(1) The Board approved Liwei to grant (by way of transfer) the Pre-IPO Options on 17 March 2011. Pursuant to the Pre-IPO Share Option Scheme, 284 employees were granted the Pre-IPO Options to subscribe for up to 20,010,000 Shares on 17 March 2011. Such 20,010,000 Pre-IPO Options will only be transferred to the employees upon vesting. The Pre-IPO Options vested in four instalments on 1 September 2011, 1 June 2012, 1 June 2013 and 1 June 2014. On 12 April 2013, 3,236,000 Pre-IPO Options which were previously lapsed were taken back by Liwei and will be reallocated to 193 employees of the Group upon vesting. These Pre-IPO Options vested in two installments on 1 June 2013 and 1 June 2014, respectively.

(2) During the year ended 31 December 2017, no Pre-IPO Options were granted, lapsed, exercised or cancelled.

Share Option Scheme

Pursuant to the disclosure requirement under Listing Rules 17.09, particulars in relation to the share option scheme of the Company are shown below.

The Company adopted a share option scheme ("Share Option Scheme") with the purpose of providing an incentive for Qualified Participants (as defined below) to work with commitment towards enhancing the value of the Company and the Shares for the benefit of our shareholders, to compensate such employees for their contribution based on their individual performance and that of the Group and to retain and attract high calibre working partners whose contribution are or may be beneficial to the growth and development of the Group.

There is no minimum period for which an option must be held before it can be exercised under the Share Option Scheme, provide that in granting options under the Share Option Scheme, the Board can determine whether there is any minimum holding period, and whether there is any performance target which must be achieved, before an option granted under the Share Option Scheme can be exercised. The Board will also determine the price per Share upon the exercise of an option according to the terms of the Share Option Scheme, provided that it shall be at the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the options; and (iii) the nominal value of the Shares on the date of grant of the options.

The Board may from time to time grant options to (i) any executive Director, or employee (whether full time or part time) of our Company, any member of our Group or any entity in which any member of our Group holds an equity interest ("Invested Entity"); (ii) any non-executive Director (including independent non-executive Directors), any non-executive director of any member of our Group or any Invested Entity; and (iii) any such other person as the Board may consider appropriate (collectively "Qualified Participants").

The Share Option Scheme shall be valid and effective for a period of ten years commencing on 15 November 2010. The amount payable by each grantee of options to the Company on acceptance of the offer for the grant of options is HK$1.00. An option may be exercised at any time during a period which shall not exceed ten years from the date of grant subject to the provisions of early termination under the Share Option Scheme.

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all outstanding options to be granted under the Share Option Scheme and any other share option scheme of the Company does not exceed 10% of the Shares in issue at the Listing Date, and therefore is currently capped at 133,360,000 Shares. The Company may at any time refresh such limit, subject to compliance with the Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Company does not exceed 30% of the Shares in issue from time to time. The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

No option has been granted pursuant to the Share Option Scheme prior to the date ended 31 December 2017. No option has been cancelled or lapsed during the year ended 31 December 2017.

Report of the Directors

PUBLIC FLOAT

During the year ended 31 December 2017, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

PRE-EMPTIVE RIGHT

There are no provisions for pre-emptive rights under the Articles and the laws of the Cayman Islands.

FINAL DIVIDEND

The Board recommends the payment of a final dividend amounting to HK$173.8 million (HK$0.13 per share, approximately RMB145.3 million in total) to be partly paid out of the share premium account of the Company and partly paid out of the distributable profits of the Company, for the year ended 31 December 2017 (2016: HK$0.12 per share, approximately RMB143.5 million in total). The proposed final dividend, if approved by shareholders at the forthcoming annual general meeting, shall be paid on or around 6 July 2018 to shareholders whose names appear on the register of members of the Company on 15 June 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 21 May 2018 to 25 May 2018, both days inclusive, during which period no share transfers in Hong Kong can be registered. In order to be eligible for attending and voting at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 18 May 2018.

In addition, the register of members of the Company will be closed from 13 June 2018 to 15 June 2018, both days inclusive, during which period no transfer of Shares will be registered. In order to ascertain shareholders' entitlement to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 12 June 2018.

AUDITOR

PricewaterhouseCoopers has acted as auditor of the Company for the year ended 31 December 2017.

PricewaterhouseCoopers shall retire in the forthcoming annual general meeting and, being eligible, will offer itself for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Mr. HONG Gang
Chairman
Beijing, the PRC, 29 March 2018

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this corporate governance report in the annual report of the Company for the year ended 31 December 2017.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability.

During the year under review, the Company has adopted the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the CG Code during the year ended 31 December 2017, except for non-compliance with rules 3.10(1), 3.10A and 3.25 of the Listing Rules and code provision A.5.1 of the CG Code, the Company has subsequently taken actions to comply with the above mentioned rules and provisions. Please refer to the section headed "THE BOARD" below for more information.

The following is a summary of work performed by the Board in determining the policy for the corporate governance of the Company during the year ended 31 December 2017:

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

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

(3) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;

(4) developed, reviewed and monitored the code of conduct and compliance manual applicable to employees and Directors; and

(5) reviewed the Company's compliance with the CG Code and disclosure in the corporate governance report.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") (together, the "Board Committees"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.

Corporate Governance Report

Board Composition

As of 31 December, 2017, the Board comprises seven members, consisting of two executive Directors, two non-executive Directors and three independent non-executive Directors.

The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The Board comprised the following Directors during the year under review and up to the date of this annual report:

Executive Directors
Mr. BI Hua, Jeff *(Chief Executive Officer)*
Mr. LIU Jun *(Chief Operating Officer)*

Non-Executive Directors
Mr. HONG Gang *(Chairman)*
Mr. HSU David (appointed on 9 August 2017)

Independent Non-Executive Directors
Mr. LUETH Allen Warren
Mr. BEHRENS Ernst Hermann
Mr. ZHU Jia (re-designated on 15 March 2018)
Mr. DANG Xinhua (passed away on 16 November 2017)

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

None of the members of the Board is related to one another.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

Non-compliance with Rules 3.10(1), 3.10A, 3.25 of the Listing Rules and Deviation from the Code Provision A.5.1 of the CG Code

Since the late Mr. DANG Xinhua, an independent non-executive Director, the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee, passed away on 16 November 2017, the Company failed to comply with the Listing Rules requirements of (i) the board is required to have at least three independent non-executive directors; (ii) the board is required to have independent non-executive directors representing at least one-third of the board; (iii) the audit committee must comprise a minimum of three members, all of whom are non-executive directors only; and (iv) each of the members of the remuneration and nomination committees should comprise a majority of independent non-executive directors under Rules 3.10(1), 3.10A and 3.25 of the Listing Rules and the code provision A.5.1 of the CG Code. Mr. Zhu Jia was re-designated as an independent non-executive Director on 15 March 2018 to meet the requirements set out in Rules 3.10(1), 3.10A and 3.25 of the Listing Rules and code provision A.5.1 of the CG Code. Please refer to the announcement of the Company published on 15 March 2018 for further details.

Board Diversity Policy

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into account factors based on its own business model and specific needs from time to time in designing the optimum Board's composition.

The Nomination Committee monitors, from time to time, the implementation of the policy, and reviews, as appropriate, the policy to ensure the effectiveness of the policy. The Nomination Committee will continue to give adequate consideration to these measurable objectives when making recommendations of candidates for appointment to the Board.

Chairman and Chief Executive Officer

The Company fully supports the division of responsibility between the chairman of the Board ("Chairman") and the Chief Executive Officer to ensure a balance of power and authority. The positions of Chairman and Chief Executive Officer are held by Mr. HONG Gang and Mr. BI Hua, Jeff respectively. Their respective responsibilities are clearly defined and set out in writing. The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. The Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board.

Appointment and Re-Election of Directors

Mr. BI Hua, Jeff, Mr. ZHU Jia and Mr. BEHRENS Ernst Hermann were re-appointed as executive Director, non-executive Director and independent non-executive Director respectively for a term of two years commencing from 9 December 2016, terminable by not less than three months' written notice and is subject to retirement in accordance with the Articles. Mr. LIU Jun and Mr. HONG Gang were appointed as executive Director and non-executive Director respectively for a term of two years commencing from 29 August 2016, terminable by not less than three months' written notice and is subject to retirement in accordance with the Articles. Mr. LUETH Allen Warren was re-appointed as independent non-executive Director for a term of two years commencing from 9 December 2017, terminable by not less than three months' written notice and is subject to retirement in accordance with the Articles. Mr. HSU David was appointed as non-executive Director for a term of two years commencing from 9 August 2017, terminable by not less than three month's written notice and is subject to retirement in accordance with the Articles.

None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

In accordance with the Articles, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a causal vacancy shall submit himself for re-election by shareholders at the first general meeting of the Company after appointment and new Directors appointed as an addition to the Board shall submit himself for re-election by shareholders at the next following annual general meeting of the Company after appointment.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles. The Nomination Committee is responsible for reviewing the Board composition, monitoring the appointment, re-election and succession planning of Directors.

Nomination Committee

As at the date of this annual report, the Nomination Committee comprises three members, namely Mr. HONG Gang (chairman of the Nomination Committee), Mr. BEHRENS Ernst Hermann and Mr. ZHU Jia (appointed on 15 March 2018). Mr. HONG Gang is the non-executive Director while Mr. BEHRENS Ernst Hermann and Mr. ZHU Jia are the independent non-executive Directors.

The following is a summary of work performed by the Nomination Committee during the year ended 31 December 2017:

(1) reviewed the structure, size and composition of the Board, reviewed the Company's policies on nomination of Directors and make recommendations regarding any proposed changes;

(2) made recommendations to the Board on appointment or re-appointment of and succession planning for Directors; and

(3) assessed the independence of independent non-executive Directors.

There was one meeting of the Nomination Committee held during the year ended 31 December 2017. The attendance records of each member of the Nomination Committee are set out below:

Members	**Attendance/ Number of meetings held**
Mr. HONG Gang *(Chairman)*	1/1
Mr. BEHRENS Ernst Hermann	1/1
Mr. DANG Xinhua (passed away on 16 November 2017)	1/1

Induction and Continuing Development of Directors

Each newly appointed Director receives formal, comprehensive and tailored induction on the first occasion of his appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Pursuant to the code provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

During the year ended 31 December 2017 and up to the date of this annual report, all Directors namely Mr. BI Hua, Jeff, Mr. LIU Jun, Mr. HONG Gang, Mr. HSU David, Mr. DANG Xinhua (passed away on 16 November 2017), Mr. LUETH Allen Warren, Mr. BEHRENS Ernst Hermann and Mr. ZHU Jia have participated in continuous professional development to develop and refresh their knowledge and skills in relation to their contribution to the Board.

Board Meetings

Board Practices and Conduct of Meetings

Code provision A.1.3 of the CG Code stipulates that at least 14 days' notice should be given for a regular Board meeting.

Certain regular Board meetings held during the year ended 31 December 2017 were convened with at least 14 days' notice. The Company adopted a flexible approach in convening Board meetings and ensuring that sufficient time and adequate information were given to Directors in advance.

Agenda and board papers together with all necessary information are sent to all Directors at least three days before each Board meeting or committee meeting to keep Directors apprised of the latest developments and financial position of the Company in order to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management where necessary.

The senior management attended all regular Board meetings and where necessary, other Board and committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

The board secretary and the joint company secretaries are responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and final versions are open for Directors' inspection.

The Articles contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Corporate Governance Report

Directors' Attendance Records

There were four Board meetings and one general meeting held during the year ended 31 December 2017. The attendance records of each Director at the Board meetings and general meeting during the year ended 31 December 2017 are set out below:

Name of Director	Attendance/Number of meetings held General meeting	Board meeting
Executive Directors		
Mr. BI Hua, Jeff	1/1	4/4
Mr. LIU Jun	1/1	4/4
Non-Executive Directors		
Mr. HONG Gang	1/1	3/4
Mr. HSU David (appointed on 9 August 2017)	0/1	2/4
Mr. ZHU Jia (re-designated as independent non-executive Director on 15 March 2018)	0/1	3/4
Independent Non-Executive Directors		
Mr. LUETH Allen Warren	1/1	4/4
Mr. BEHRENS Ernst Hermann	1/1	4/4
Mr. DANG Xinhua (passed away on 16 November 2017)	1/1	3/4

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and each of the Directors has confirmed that he has complied with the Model Code during the year under review and up to the date of this annual report.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the year ended 31 December 2017.

Delegation by the Board

The Board reserves for its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. All Directors have full and timely access to all relevant information as well as the advice and services of the joint company secretaries, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director may seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

The Board has established three committees, namely, the Nomination Committee, Remuneration Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. All Board Committees are established with defined written terms of reference which are available on both the Company's website and the website of the Stock Exchange.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

The Remuneration Committee comprises four members, namely, Mr. ZHU Jia (chairman of the Remuneration Committee) (appointed on 15 March 2018), Mr. BI Hua, Jeff, Mr. LUETH Allen Warren and Mr. BEHRENS Ernst Hermann.

The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the executive Directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for formulating such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The following is a summary of work performed by the Remuneration Committee during the year ended 31 December 2017:

(1) Assessed performance, reviewed and approved the remuneration packages (including year-end bonuses) and service contracts of our executive Directors and senior management; and

(2) Reviewed the remuneration of non-executive Directors and made proposal regarding Directors' fees to the Board for shareholder approval at the 2017 annual general meeting.

There was one meeting of the Remuneration Committee held during the year ended 31 December 2017. The attendance records of each member of the Remuneration Committee are set out below:

Members	**Attendance/ Number of meetings held**
Mr. DANG Xinhua *(Chairman)* (passed away on 16 November 2017)	1/1
Mr. BI Hua, Jeff	1/1
Mr. ZHU Jia	1/1
Mr. LUETH Allen Warren	1/1
Mr. BEHRENS Ernst Hermann	1/1

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2017.

The Board, with support of the finance and legal teams, is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other applicable statutory and regulatory requirements.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

Audit Committee

The Audit Committee comprises four members, namely, Mr. LUETH Allen Warren (chairman of the Audit Committee), Mr. BEHRENS Ernst Hermann, Mr. HSU David and Mr. ZHU Jia (appointed on 15 March 2018). Mr. HSU David is the non-executive Director and Mr. LUETH Allen Warren, Mr. BEHRENS Ernst Hermann and Mr. ZHU Jia are the independent non-executive Directors. Mr. LUETH Allen Warren possesses the appropriate professional qualifications or accounting or related financial management expertise. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee include the following:

(1) To review the financial statements and reports and consider any significant or unusual items raised by the internal audit division or external auditor before submission to the Board;

(2) To review the relationship with the external auditor by reference to the work performed by the auditor, its fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditor; and

(3) To review the adequacy and effectiveness of the Company's financial reporting system, risk management and internal control systems and associated procedures.

During the year under review and up to the date of this annual report, the Audit Committee reviewed the Group's interim results and interim report for the six months ended 30 June 2017, the annual results and annual report for the year ended 31 December 2017, the financial reporting and compliance procedures, the Company's risk management and internal control systems and processes, and the re-appointment of the external auditor.

The Audit Committee held two meetings during the year of 2017 the attendance records of each member of the Audit Committee are set out below:

Members	Attendance/ Number of meetings held
Mr. LUETH Allen Warren *(Chairman)*	2/2
Mr. BEHRENS Ernst Hermann	2/2
Mr. DANG Xinhua (passed away on 16 November 2017)	2/2
Mr. HSU David (appointed on 9 August 2017)	1/2

External Auditor and Auditor's Remuneration

The statement of the external auditor of the Company about its reporting responsibilities for the consolidated financial statements is set out in the "Independent Auditor's Report" on pages 48 to 52 of this annual report.

Annual audit fees of the financial statements of the Group for the year ended 31 December 2017 payable to the external auditor are approximately RMB2.2 million (2016: RMB2.3 million). In addition, approximately RMB0.19 million (2016: RMB0.25 million) was incurred for other non-audit services.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management and Internal Control Systems of the Group Companies

The Board is aware that it is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving its strategic objectives, maintaining an adequate risk management and internal control systems to safeguard the investments of our shareholders and the assets of the Company, and reviewing the effectiveness of these systems annually.

The Board oversees the management in the design, implementation and monitoring of the risk management and internal control system, and the management confirms with the Board on the effectiveness of these systems.

The management allocates resources to the risk management and internal control systems with reference to the COSO (Committee of Sponsoring Organizations of the Treadway Commission) standards, manages rather than eliminates the risk of failure to achieve business objectives and provides only reasonable but not absolute assurance against material misstatement and loss.

Procedures to Identify, Evaluate and Manage Significant Risks

(1) Risk context establishment: formulation of general risk management policies and division of roles to ensure that the Group carries out consistent procedures and criteria for risk identification, evaluation, management and control, as well as reporting.

(2) Risk Identification: identifying any potential risks in various business segments and key procedures.

(3) Risk Evaluation: evaluating and rating the impact on business and the likelihood of the risks identified.

(4) Risk Response: evaluating the risk management solutions and the effectiveness of risk management.

(5) Report and monitor: monitoring and reviewing the policies and assessment procedures of risk management, and the management measures and control effectiveness regarding significant risks, and reporting the findings to the Board.

The "Three Lines of Defence" Risk Management Model

The risk management of the Group is structured on a "three lines of defence" model so as to establish a comprehensive risk management and internal control system, which is monitored by the Audit Committee.

"The First Line of Defence" — Risk Management

Managers at all levels constitute the first line of defence with appropriate internal control policies, procedures and business standards formulated according to the operational needs of the business to effectively delineate management duties and provide training sessions and guidelines to the staff, to ensure that the policies are effectively implemented. In case of any changes to the business operation or the managing environment of the Company, such policies will be reviewed and updated accordingly.

"The Second Line of Defence" — Risk Control

The Group has formulated risk management policies, established a risk management group and conducted risk assessment and appraisal activities on a regular basis, which could timely identify and reduce the likelihood and impacts of potential risks on operation management. For any material exposure which may arise, a risk alert and response mechanism has been set up to mitigate potential risks and their impacts.

"The Third Line of Defence" — Independent Assurance

The Group has set up an internal audit department to conduct independent reviews on risk management regularly. By reviewing the audit work and audit findings performed by the internal audit department, a report on risk management will be submitted to the Audit Committee on behalf of the Board at least once a year.

2017 Risk Management Review

Summary of Risk Management Initiatives

(1) Risk management training: Trainings on the context and strategies of risk management, and the procedures and criteria of risk assessment were provided to the management of the Company;

(2) Reviews of and amendments to the internal control policies: amendments to and improvements on the policies and procedures of the internal risk management were made according to the business environment and needs for operational management of the Company;

(3) Risk assessment: identify, review and analyze the significant risk items in the operation of the Group's business segments and evaluate the impacts and likelihood of such risks;

(4) Risk management: the appropriateness and effectiveness of the measures and actions to control and reduce key risks were reviewed against expectation;

(5) Risk reporting: The risk management report for the year 2017 was submitted to the Board in January 2018 for consideration and approval.

Material Risks and Risk Management

1. The Risk of High Customer Concentration

The landscape of the Chinese ambient liquid milk market in which the Company's key customers are located has maintained stable for years, with the top five liquid milk manufacturing companies accounting for over 70% of the sales in the market, and such feature is expected to persist for some time. As a result, the top five customers in the PRC market still accounted for over 50% of the total sales of the Company in 2017, reflecting a risk of relatively high customer concentration.

The Company has adopted a number of measures to facilitate the diversification of customers in order to reduce the impacts on the business caused by such risk. Concrete progress has been achieved:

(1) Maintaining stable strategic cooperative relationships with key customers through excellent supply chain services, technological innovation and project cooperation in the market;

(2) Providing good quality products and excellent services to continuously expand the international market shares with increasing percentage attributable to the international business segment; and

(3) Enhancing product competitiveness to increase the number of medium-sized customers and partnerships.

2. *The Impact on Capital and Procurement and Sales Businesses Caused by Exchange Rate Fluctuations*

The significant fluctuations of exchange rate will result in major impacts on the foreign exchange business of the Company. In 2017, the exchange rate of US$ against RMB weakened persistently, causing certain exchange loss in the Company's relevant US$ denominated cash balance and the US$ denominated sales business. However, the prolonged strengthening of Euro generated certain exchange gains in the Euro denominated business, which partially offset the exchange loss caused by the weakening US$.

In addition, the Company has also adopted various measures to mitigate the adverse impact on profit and loss caused by exchange rate fluctuations, whereby reducing the risk to an acceptable level:

(1) Adjusting the international trade policy properly to lower corporate leverage;

(2) Reducing the impacts of exchange rate by purchasing foreign exchange products from banks to lock in forward exchange rates; and

(3) Adopting stringent capital management plan, closely monitoring the changes in exchange rates and adjusting business strategies and bank balance of foreign exchange in response to exchange rate fluctuations.

Evaluation of Risk Review

The findings and review of the risk evaluation for the year 2017 showed that the Group companies had established an comprehensive risk management and internal control mechanism which is implemented and improved on an ongoing basis. Tailor-made mitigation measures were adopted with fruitful outcomes; whereby some risks were reduced significantly and some are eliminated. For specific risk factors unlikely to be eliminated through management and control, their residual risks were maintained at an acceptable level.

COMPANY SECRETARY

The Company engages Ms. MOK Ming Wai, director of TMF Hong Kong Limited, as one of its joint company secretaries. Her primary contact person at the Company is Mr. CHANG Fuquan, the chief financial officer and joint company secretary of the Company.

In compliance with Rule 3.29 of the Listing Rules, each of Mr. CHANG Fuquan and Ms. MOK Ming Wai has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2017.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable shareholders and investors to make the informed investment decisions.

To promote effective communication, the Company maintains the website at www.greatviewpack.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Latest information on the Group including annual and interim reports, announcements and press releases are updated on the Company's website in a timely fashion.

The 2018 annual general meeting of the Company ("AGM") will be held on 25 May 2018. The notice of AGM will be sent to shareholders at least 20 clear business days before the AGM.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene an Extraordinary General Meeting ("EGM")

Pursuant to article 58 of the Articles, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

Such a requisition must be signed by the shareholders.

Procedures for putting forward proposals at shareholders' meeting

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at shareholders' meeting. Proposal shall be sent to the Board or the company secretary by written requisition to the company secretary at the Company's principal place of business in Hong Kong at 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong or at the Company's headquarters in the PRC at 14 Jiuxianqiao Road, Chaoyang District, Beijing 100015, the PRC.

Shareholders' enquiries

Shareholders should direct their questions about their shareholdings to the Company's share registrar. Shareholders and the investment community may at any time make a request for the Company's information to the extent that such information is publically available. Shareholders may also make enquiries to the Board by writing to the company secretary at the Company's principal place of business office in Hong Kong at 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong or at the Company's headquarters in the PRC at 14 Jiuxianqiao Road, Chaoyang District, Beijing 100015, the PRC.

CONSTITUTIONAL DOCUMENTS

There are no changes in the Company's constitutional documents during the year ended 31 December 2017.

On behalf of the Board

Mr. HONG Gang
Chairman
Beijing, the PRC, 29 March 2018

Independent Auditor's Report

pwc 羅兵咸永道

To the shareholders of Greatview Aseptic Packaging Company Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Greatview Aseptic Packaging Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 53 to 108, which comprise:

- the consolidated statement of financial position as at 31 December 2017;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is Impairment assessment of goodwill.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill Refer to note 4 'Critical accounting estimates and judgements' and note 8 'Intangible assets' to the consolidated financial statements. We focused our efforts on the impairment assessment of goodwill (RMB47.8 million as of 31 December 2017) mainly because of the amounts involved were significant and that significant judgements were required to evaluate management's assumptions, particularly in respect of the revenue growth rate and the discount rate as they are sensitive to the discounted cash flow model.	In response to this key audit matter, we performed the following procedures: • We evaluated the composition of management's future cash flow forecasts, and the process by which they were drawn up. • We compared the current year actual results with the figures for the year ended 31 December 2017 included in the prior year forecast to consider whether management's forecasts included assumptions that, with hindsight, had been optimistic. • We evaluated management's estimations in the forecasts for: — revenue growth rate, by comparing them to industry historical growth rate and economic forecasts; and — the discount rate, by assessing the cost of capital for the Company and comparable companies, as well as considering territory specific factors. • We evaluated management's sensitivity analysis around the key estimation for revenue growth rate and discount rate. We calculated the degree to which these estimations would need to move before an impairment conclusion was triggered. We discussed the likelihood of such a movement with management and agreed with their conclusion that it was unlikely. Based on the procedures performed, the significant estimations and judgements made by management in relation to impairment assessment of goodwill are supportable.

Independent Auditor's Report

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee of the Company assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee of the Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditor's Report

From the matters communicated with the Audit Committee of the Company, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ng Ping Fai.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 March 2018

Consolidated Statement of Financial Position

As at 31 December 2017

Amounts expressed in thousands of RMB except for share data

	Note	As at 31 December 2017	2016
ASSETS			
Non-current assets			
Property, plant and equipment	6	**1,307,915**	1,258,288
Land use rights	7	**15,112**	15,450
Intangible assets	8	**71,563**	57,150
Deferred income tax assets	21	**19,530**	20,896
Trade and other receivables	10	**12,436**	7,825
Long-term prepayments	22	**8,317**	8,742
		1,434,873	1,368,351
Current assets			
Inventories	9	**604,069**	429,613
Trade and other receivables	10	**393,881**	362,497
Available-for-sale financial assets	11	**120,383**	372,810
Cash and cash equivalents	12	**355,788**	206,082
Restricted cash	12	**189,754**	153,009
		1,663,875	1,524,011
Total assets		**3,098,748**	2,892,362
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital, share premium and capital reserve	13	**798,282**	835,021
Statutory reserve	14	**263,550**	234,749
Retained earnings	15	**1,368,838**	1,294,800
Exchange reserve		**(48,174)**	(77,268)
Other reserve	16	**2,537**	–
Total equity		**2,385,033**	2,287,302

Consolidated Statement of Financial Position

As at 31 December 2017
Amounts expressed in thousands of RMB except for share data

	Note	As at 31 December 2017	2016
LIABILITIES			
Non-current liabilities			
Deferred government grants	18	**82,928**	85,124
Deferred income tax liabilities	21	**8,295**	6,550
		91,223	91,674
Current liabilities			
Deferred government grants	18	**7,905**	6,118
Trade payables, other payables and accruals	19	**493,628**	386,098
Income tax liabilities		**8,040**	16,632
Borrowings	20	**112,919**	104,538
		622,492	513,386
Total liabilities		**713,715**	605,060
Total equity and liabilities		**3,098,748**	2,892,362

The notes on pages 59 to 108 are an integral part of these consolidated financial statements.

The financial statements on pages 53 to 108 were approved by the Board on 29 March 2018 and were signed on its behalf.

Director
Bi Hua, Jeff

Director
Liu Jun

Consolidated Income Statement

For the year ended 31 December 2017
Amounts expressed in thousands of RMB except for share data

	Note	Year ended 31 December **2017**	2016
Revenue	23	**2,336,293**	2,169,159
Cost of sales	24	**(1,697,851)**	(1,552,331)
Gross profit		**638,442**	616,828
Other income	23	**53,565**	46,440
Other gains — net	23	**46**	3,904
Distribution expenses	24	**(120,527)**	(101,538)
Administrative expenses	24	**(130,677)**	(140,638)
Operating profit		**440,849**	424,996
Finance income	26	**7,985**	8,405
Finance expenses	26	**(4,447)**	(2,801)
Finance income — net		**3,538**	5,604
Profit before income tax		**444,387**	430,600
Income tax expense	27	**(101,101)**	(96,844)
Profit for the year		**343,286**	333,756
Profit attributable to:			
Equity holders of the Company		**343,286**	333,756
Earnings per share for profit attributable to equity holders of the Company			
— Basic earnings per share (RMB)	28	**0.26**	0.25
— Diluted earnings per share (RMB)	28	**0.26**	0.25

The notes on pages 59 to 108 are an integral part of these consolidated financial statements.

Consolidated Statement Of Comprehensive Income

For the year ended 31 December 2017
Amounts expressed in thousands of RMB except for share data

	Year ended 31 December	
	2017	2016
Profit for the year	**343,286**	333,756
Other comprehensive income:		
Item that may be reclassified to profit or loss		
Currency translation differences	**29,094**	10,176
Changes in fair value of financial assets	**2,537**	–
Total comprehensive income for the year	**374,917**	343,932
Attributable to:		
— Equity holders of the Company	**374,917**	343,932
Total comprehensive income for the year	**374,917**	343,932

The notes on pages 59 to 108 are an integral part of these consolidated financial statements.

Consolidated Statement Of Changes In Equity

For the year ended 31 December 2017
Amounts expressed in thousands of RMB except for share data

	Attributable to equity holders of the Company							
	Share capital (Note 13)	**Share premium** (Note 13)	**Capital reserve** (Note 13)	**Statutory reserve** (Note 14)	**Exchange reserve**	**Other reserve** (Note 16)	**Retained earnings** (Note 15)	**Total**
As at 31 December 2015	11,476	835,452	122,848	207,667	(87,444)	–	1,114,642	2,204,641
Comprehensive income:								
Profit for the year	–	–	–	–	–	–	333,756	333,756
Other comprehensive income:								
Currency translation differences	–	–	–	–	10,176	–	–	10,176
Changes in fair value of financial assets	–	–	–	–	–	–	–	–
Shares repurchased	(26)	(8,977)	–	–	–	–	–	(9,003)
Transfer to statutory reserve	–	–	–	27,082	–	–	(27,082)	–
Dividends	–	(125,752)	–	–	–	–	(126,516)	(252,268)
As at 31 December 2016	11,450	700,723	122,848	234,749	(77,268)	–	1,294,800	2,287,302
Comprehensive income:								
Profit for the year	–	–	–	–	–	–	343,286	343,286
Other comprehensive income:								
Currency translation differences	–	–	–	–	29,094	–	–	29,094
Changes in fair value of financial assets	–	–	–	–	–	2,537	–	2,537
Shares repurchased	(4)	(1,735)	–	–	–	–	–	(1,739)
Transfer to statutory reserve	–	–	–	28,801	–	–	(28,801)	–
Dividends	–	(35,000)	–	–	–	–	(240,447)	(275,447)
As at 31 December 2017	**11,446**	**663,988**	**122,848**	**263,550**	**(48,174)**	**2,537**	**1,368,838**	**2,385,033**

The notes on pages 59 to 108 are an integral part of these consolidated financial statements.

Consolidated Statement Of Cash Flows

For the year ended 31 December 2017
Amounts expressed in thousands of RMB unless otherwise stated

	Note	Year ended 31 December 2017	2016
Cash flows from operating activities			
Cash generated from operations	30	**412,062**	766,180
Interest paid		**(1,019)**	(1,486)
Income tax paid		**(107,427)**	(106,374)
Net cash generated from operating activities		**303,616**	658,320
Cash flows from investing activities			
Purchases of property, plant and equipment ("PP&E")		**(127,673)**	(114,814)
Receipt of assets-related government grants		**–**	3,754
Proceeds from disposal of PP&E		**474**	836
Proceeds from disposal of land use rights		**–**	1,828
Purchases of land use rights		**–**	(3,333)
Purchases of intangible assets		**(17,017)**	(2,591)
Purchases of available-for-sale financial assets		**(511,291)**	(749,181)
Disposals of available-for-sale financial assets		**770,753**	378,273
Interest received		**7,985**	8,405
Net cash generated from/(used in) investing activities		**123,231**	(476,823)
Cash flows from financing activities			
Proceeds from borrowings		**44,580**	418,196
Repayments of borrowings		**(43,330)**	(401,793)
Payments for shares repurchased		**(1,739)**	(9,003)
Dividends paid to equity holders		**(275,447)**	(252,268)
Net cash used in financing activities		**(275,936)**	(244,868)
Net increase/(decrease) in cash and cash equivalents		**150,911**	(63,371)
Cash and cash equivalents at beginning of year		**206,082**	267,885
Exchange (losses)/gains on cash and cash equivalents		**(1,205)**	1,568
Cash and cash equivalents at end of year		**355,788**	206,082

The notes on pages 59 to 108 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Greatview Aseptic Packaging Company Limited (the "Company") was incorporated in the Cayman Islands on 29 July 2010 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and together with its subsidiaries (the "Group") are principally engaged in the business of manufacturing, distribution and selling of paper packaging and filling machines to dairy and non-carbonated soft drink producers.

The Company's ordinary shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 December 2010.

The consolidated financial statements are presented in Renminbi ("RMB") unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets at fair value through other comprehensive income.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Changes in accounting policy and disclosures

(a) New and amended standards and annual improvements adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2017:

- Recognition of Deferred Tax Assets for Unrealised Losses — Amendments to IAS 12, and

- Disclosure initiative — amendments to IAS 7.

For the amendment to IAS 12, The Group does not expect a significant impact on the timing and amounts of deferred tax assets and liabilities compared with current practice.

The amendments to IAS 7 require disclosure of changes in liabilities arising from financing activities, see note 30.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

Changes in accounting policy and disclosures *(continued)*

(b) New standards, amendments and interpretations issued but not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

IFRS 9 Financial Instruments

IFRS 9 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 reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:

RMB98,383 of the Group's equity instruments that are currently classified as available-for-sale (AFS) will satisfy the conditions for classification as at fair value through profit or loss (FVPL).

RMB22,000 of the Group's debt instruments that are currently classified as available-for-sale (AFS) will satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI).

There will be no material 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 currently 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.

There will be no material impact on the Group's accounting for hedging instruments and the Group currently does not have any such hedging instruments.

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. Based on the assessments undertaken to date, the Group does not expect a significant impact on the loss allowance compared with current practice.

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.

IFRS 9 must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Therefore, the comparatives for 2017 will not be restated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

Changes in accounting policy and disclosures *(continued)*

(b) New standards, amendments and interpretations issued but not yet adopted (continued)

IFRS 15 Revenue from Contracts with Customers

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts and the related literature.

IFRS 15 establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize through a 5-step approach: (1) Identify the contracts with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations and; (5) Recognize revenue when performance obligations satisfied. The core principal is that a company should recognize revenue to depict the transfer of promised goods or services to the customer in an amounts that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

IFRS 15 provides specific guidances on contract costs and licence arrangements. It also includes a cohesive set of disclosure requirement about nature, amount, timing and uncertainty of revenue and cash flow arising from entity's contracts with customers.

IFRS 15 is mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

Based on the assessments undertaken to date, the Group does not expect a significant impact on the timing and amounts of revenue recognition compared with current practice.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

Changes in accounting policy and disclosures *(continued)*

(b) New standards, amendments and interpretations issued but not yet adopted (continued)

IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised 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 RMB8,471 (2016: RMB18,320), see Note 32 (b).

However, the Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

IFRS 16 is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.2 Subsidiaries

Consolidation

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

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Subsidiaries *(continued)*

Consolidation *(continued)*

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

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

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

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

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

2.3 Separate financial statements

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company (the "Executive Directors") that make strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash are presented in the income statement within 'finance income or expenses'. All other foreign exchange gains and losses are presented in the income statement within 'Other gains — net'.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Property, plant and equipment

Land and buildings comprise mainly factories and offices. Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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 the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the year in which they are incurred.

Freehold land in Europe is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual value over their estimated useful lives, as follows:

Leasehold improvements	Shorter of remaining lease term or useful life
Buildings	15–33 years
Machinery	5–15 years
Vehicles and office equipment	4–8 years

Depreciation on construction in progress will not commence until the relevant assets are ready for their intended use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains — net' in the income statement.

2.7 Land use rights

All land in the PRC is state-owned and no individual land ownership right exists. Land use rights represent upfront operating lease payments made for the land and are stated at payments less amount written off on a straight-line basis described below and impairment loss.

Upfront operating lease payments less impairment, if any, are written off to the income statement on a straight-line basis over the lease period of 50 years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 4 to 10 years.

(c) Trademarks

Separately acquired trademarks are shown at historical cost. Trademarks have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 5 to 10 years.

2.9 Impairment of non-financial assets

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 Financial assets

2.10.1 Classification

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

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', 'cash and cash equivalents' and 'restricted cash' in the statement of financial position (Note 2.14 and 2.15).

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in current assets because the investments either matures within 12 months of the end of the reporting period, or management could dispose of them anytime with short notice in advance, as stipulated in the investment agreement. And management do not intend long-term possession of the investments.

2.10.2 Recognition and measurement

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

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

2.11 Offsetting financial instruments

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 Impairment of financial assets

(a) Assets carried at amortised cost

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

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

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

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

(b) Assets classified as available for sale

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13 Inventories

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

2.14 Trade and other receivables

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See Note 2.10.2 for further information about the Group's accounting for trade receivables and Note 2.12 for a description of the Group's impairment policies.

2.15 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.16 Share capital

Ordinary shares are classified as equity.

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

2.17 Trade payables

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.18 Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

2.19 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.20 Current and deferred income tax

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

(a) Current income tax

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.20 Current and deferred income tax *(continued)*

(b) Deferred income tax

Inside basis differences

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

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

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

(c) Offsetting

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

2.21 Employee benefits

All eligible employees of the Group's subsidiaries which operate in the People's Republic of China ("PRC") participate in a central pension scheme operated by the local municipal government. The Group recognises employee benefits as liabilities during the accounting period when employees render services and allocates to related cost of assets and expenses based on different beneficiaries.

In connection with pension obligations, the Group operates defined contribution plans in accordance with the local conditions and practices in the countries and provinces in which they operate. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a publicly administered pension insurance plan. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.21 Employee benefits *(continued)*

(a) Bonus plans

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.22 Government grants

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

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred revenue and are recognised in the consolidated income statement as other income on a straight-line basis over the expected lives of the related assets.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

2.23 Share-based payments

(a) Equity-settled share-based payment transactions

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

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

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.23 Share-based payments *(continued)*

(b) Share-based payment transactions among Group entities

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

2.24 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met, as described below.

Sales of goods

Sales of goods are recognised when a Group entity has delivered products to the customer, and the customer has accepted the products while there is no unfulfilled obligation that could affect the acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

2.25 Interest income

Interest income is recognised using the effective interest method.

2.26 Leases — as a lessee

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

2.27 Dividend distribution

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group's exposure to foreign exchange risk mainly arises from cash and bank balances, trade and other receivables, trade and other payables and borrowings that are denominated in United States Dollars ("US$"), Hong Kong Dollars ("HK$") and EURO ("EUR"). Please refer to Notes 12, 10, 19 and 20 for details.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings.

At 31 December 2017, if RMB had weakened/strengthened by 2% against US$ with all other variables held constant, net assets and post-tax profit for the year then ended would have been RMB5,269 (2016: RMB31) lower/higher, mainly as a result of foreign exchange losses/gains on translation of US$-denominated trade payables and foreign exchange gains/losses on translation of US$-denominated trade receivables, cash and bank balances.

At 31 December 2017, if RMB had weakened/strengthened by 2% against EUR with all other variables held constant, net assets and post-tax profit for the year then ended would have been RMB899 higher/lower (2016: RMB3,336 lower/higher), mainly as a result of foreign exchange gains/losses on translation of EUR-denominated trade receivables, cash and bank balances and foreign exchange losses/gains on translation of EUR-denominated trade payables.

(ii) Interest rate risk

The Group's exposure to interest rate risk arises mainly from cash and bank balances and borrowings. Cash and bank balances and borrowings at fixed rates expose the Group to fair value interest-rate risk, and those at floating rates expose the Group to cash flow interest-rate risk.

As at 31 December 2017, approximately RMB187,108 (2016: RMB177,538) of the Group's cash and bank balances were at fixed rates, and approximately RMB358,434 (2016: RMB181,553) of the Group's cash and bank balances was at floating rates.

As at 31 December 2017, approximately RMB113,000 (2016: RMB105,000) of the borrowings of the Group was at floating rates. The interest rates and maturities of the Group's borrowings are disclosed in Note 20.

Management monitors interest rate fluctuations to ensure that exposure to interest rate risk is within an acceptable level.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(ii) Interest rate risk (continued)

At 31 December 2017, if interest rates on cash and bank balances at floating rates had been 10 basis points higher/lower with all other variables held constant, post tax profit for the year would have been RMB151 (2016: RMB148) higher/lower, mainly as a result of higher/lower interest income on floating interest rate.

At 31 December 2017, if interest rates on the variable borrowings had been 10 basis points higher/lower with all other variables held constant, post tax profit for the year would have been RMB100 (2016: RMB93) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk is managed on a group basis. Financial assets that potentially subject the Group to concentrations of credit risk consist principally of cash and bank balances (Note 12), available-for-sale financial assets (Note 11) and trade and other receivables (Note 10). The Group's cash and bank balances and available-for-sale assets are mainly placed with or purchased from State-owned banks in the PRC and other foreign banks and financial institutions; the former ones are believed of high credit quality, and for the latter, only independently rated parties with a minimum rating of 'A' are accepted. The corresponding credit risk is relatively low.

Receivables are presented net of provision for impairment. The Group performs periodic credit evaluations of its customers and the trade credit terms granted, such as credit amount and length of payment are determined by management on case-by-case basis taking into account various factors such as customers' financial position, past experience and other factors. Management does not expect any losses from non-performance by these counterparties except for those recognised.

(c) Liquidity risk

Liquidity risk management is to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. The Group finances its working capital requirements through a combination of funds generated from operations and bank borrowings (Note 20). The Group maintains unutilised banking facilities to manage its working capital requirements.

Amounts expressed in thousands of RMB unless otherwise stated

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk *(continued)*

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

	Less than 1 year	**Total**
At 31 December 2017		
Borrowings	**114,387**	**114,387**
Trade and other payables	**429,729**	**429,729**
At 31 December 2016		
Borrowings	105,897	105,897
Trade and other payables	296,772	296,772

3.2 Capital 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.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The ratio is calculated as total debt divided by total capital. Total debt is calculated as interest bearing borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position). Total capital is calculated as 'equity' as shown in the consolidated statement of financial position.

The Group's general strategy which was unchanged from 2016 is to maintain gearing ratio of less than 50%. The gearing ratio at 31 December 2017 and 2016 were as follows.

	As at 31 December	
	2017	2016
Total debt	**112,919**	104,538
Total equity	**2,385,033**	2,287,302
Gearing ratio	**5%**	5%

The gearing ratio during 2017 did not change compared to prior period.

Amounts expressed in thousands of RMB unless otherwise stated

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2017 and 2016 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- 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).

Recurring fair value measurements At 31 December 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Available-for-sale financial assets				
— Wealth management products	–	–	120,383	120,383
Total assets	–	–	120,383	120,383

Recurring fair value measurements At 31 December 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Available-for-sale financial assets				
— Wealth management products	–	–	372,810	372,810
Total assets	–	–	372,810	372,810

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Available-for-sale financial assets are wealth management products. Specific valuation techniques used to value these financial instruments include discounted cash flow analysis (Note 11).

As at 31 December 2017 and 2016, the fair values of current financial assets, including cash and bank balances, trade and other receivables and notes receivables, as well as current financial liabilities including trade and other payables, notes payables and external borrowings approximate their carrying amounts due to their short maturities.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Critical accounting estimates and assumptions

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

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.8. The recoverable amounts of cash-generating units have been determined base on value-in-use calculations. These calculations require the use of estimates (Note 8). Based on management's assessment results, there was no impairment of goodwill as at 31 December 2017 and 2016 and no reasonable change to the assumptions would lead to an impairment.

(b) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. As of 31 December 2017, the Group has derecognised deferred income tax assets amounting to approximately RMB2.2 million on these temporary differences (2016: approximately RMB3.8 million).

(c) Estimated provision for doubtful debts

The Group makes provision for doubtful debts based on an assessment of the recoverability of trade and other receivables. Provisions are applied to these receivables where events or changes in circumstance indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of receivables and doubtful debt expenses in the year in which such estimate has been charged. When previous impaired debts are recovered, both doubtful debt expenses and provision for impairment balance are reversed.

Amounts expressed in thousands of RMB unless otherwise stated

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

4.1 Critical accounting estimates and assumptions *(continued)*

(d) Useful lives and residual values of property, plant and equipment

In determining the useful life and residual value of an item of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at each financial year end based on changes in circumstances.

(e) Estimated provision for slow moving inventories

Provisions for declines in the value of inventories are determined on an item-by-item basis when the carrying value of the inventories is higher than their net realisable value. The estimation of net realisable values requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will impact carrying values of inventories and provisions of inventories in the period which estimate has been charged.

5 SEGMENT INFORMATION

Executive Directors are the Group's chief operating decision-makers. Management has determined the operating segments based on the information reviewed by the Executive Directors which are used for making strategic decisions.

The operating segments are based on sales generated by geographical areas. The segment information provided to the Executive Directors are as follows:

	PRC	International	Total
2017			
Sales	**1,620,234**	**716,059**	**2,336,293**
Cost	**(1,124,501)**	**(573,350)**	**(1,697,851)**
Segment results	**495,733**	**142,709**	**638,442**
2016			
Sales	1,627,696	541,463	2,169,159
Cost	(1,116,959)	(435,372)	(1,552,331)
Segment results	510,737	106,091	616,828

Amounts expressed in thousands of RMB unless otherwise stated

5 SEGMENT INFORMATION *(continued)*

A reconciliation of total segment results to total profit for the year is provided as follows:

	Year ended 31 December	
	2017	2016
Segment results for reportable segments	**638,442**	616,828
Other income	**53,565**	46,440
Other gains — net	**46**	3,904
Distribution expenses	**(120,527)**	(101,538)
Administrative expenses	**(130,677)**	(140,638)
Operating profit	**440,849**	424,996
Finance income	**7,985**	8,405
Finance expenses	**(4,447)**	(2,801)
Finance income — net	**3,538**	5,604
Profit before income tax	**444,387**	430,600
Income tax expense	**(101,101)**	(96,844)
Profit for the year	**343,286**	333,756
Depreciation and amortisation charges	**109,971**	101,486

Information on segment assets and liabilities are not disclosed as this information is not presented to the Executive Directors as they do not assess performance of reportable segments using information on assets and liabilities. The non-current assets excluding deferred income tax assets (there is no employment benefit assets and rights arising under insurance contracts) amount to RMB1,415,343 (2016: RMB1,347,455).

The following table presents sales generated from packaging materials:

	Year ended 31 December	
	2017	2016
Dairy products	**2,004,830**	1,891,911
Non-carbonated soft drink ("NCSD") products	**331,463**	277,248
	2,336,293	2,169,159

Revenue of approximately RMB1,274,818 or 55% (2016: RMB1,198,896 or 55%) was derived from 2 (2016: 2) single external customer. These revenues were attributable to the PRC segment.

Amounts expressed in thousands of RMB unless otherwise stated

6 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery	Vehicles and office equipment	Construction in progress	Leasehold improvements	Total
Cost						
As at 31 December 2015	450,118	1,183,812	49,374	131,886	1,615	1,816,805
Additions	1,821	1,012	609	109,387	–	112,829
Transfer upon completion	35,035	78,348	4,115	(117,498)	–	–
Disposals	–	(620)	(4,245)	–	–	(4,865)
Exchange differences	3,371	9,156	352	436	11	13,326
As at 31 December 2016	490,345	1,271,708	50,205	124,211	1,626	1,938,095
Additions	148	229	965	126,258	–	127,600
Transfer upon completion	2,151	115,475	6,489	(124,115)	–	–
Disposals	–	(3,318)	(2,134)	–	–	(5,452)
Exchange differences	12,616	17,082	1,478	6,621	113	37,910
As at 31 December 2017	**505,260**	**1,401,176**	**57,003**	**132,975**	**1,739**	**2,098,153**
Accumulated depreciation						
As at 31 December 2015	(51,495)	(502,069)	(27,672)	–	(509)	(581,745)
Charge for the year	(16,225)	(73,517)	(8,168)	–	(172)	(98,082)
Disposals	–	339	3,806	–	–	4,145
Exchange differences	(415)	(3,500)	(206)	–	(4)	(4,125)
As at 31 December 2016	(68,135)	(578,747)	(32,240)	–	(685)	(679,807)
Charge for the year	(17,987)	(79,768)	(8,969)	–	(264)	(106,988)
Disposals	–	2,952	1,788	–	–	4,740
Exchange differences	(1,945)	(5,368)	(823)	–	(47)	(8,183)
As at 31 December 2017	**(88,067)**	**(660,931)**	**(40,244)**	**–**	**(996)**	**(790,238)**
Net book value						
As at 31 December 2017	**417,193**	**740,245**	**16,759**	**132,975**	**743**	**1,307,915**
As at 31 December 2016	422,210	692,961	17,965	124,211	941	1,258,288

Amounts expressed in thousands of RMB unless otherwise stated

6 PROPERTY, PLANT AND EQUIPMENT *(continued)*

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

	Year ended 31 December	
	2017	2016
Cost of sales	**102,391**	93,328
Distribution expenses	**94**	206
Administrative expenses	**4,503**	4,548
	106,988	98,082

(b) The Group's property, plant and equipment are located in the PRC and in Europe.

As at 31 December 2017, the net book value of property, plant and equipment located in Europe was approximately RMB467,621 (as at 31 December 2016: RMB394,475).

(c) Construction in progress as at 31 December 2017 mainly comprises new production line being constructed in Halle, Germany and Shandong, PRC and Inner Mongolia, PRC.

7 LAND USE RIGHTS

	Year ended 31 December	
	2017	2016
Cost		
At beginning of the year	**16,725**	15,325
Additions	**–**	3,333
Disposals	**–**	(1,933)
At end of the year	**16,725**	16,725
Accumulated amortisation		
At beginning of the year	**(1,275)**	(1,020)
Amortisation	**(338)**	(360)
Disposals	**–**	105
At end of the year	**(1,613)**	(1,275)
Net book value	**15,112**	15,450

All of the Group's land use rights are located in the PRC with the leasehold period of 50 years.

Amortisation of the Group's leasehold land has been charged to administrative expenses in the consolidated income statement.

Amounts expressed in thousands of RMB unless otherwise stated

8 INTANGIBLE ASSETS

	Goodwill	Computer Software	Trademarks	Total
Cost				
As at 31 December 2015	47,773	18,626	428	66,827
Additions	–	2,591	–	2,591
Exchange differences	–	119	–	119
As at 31 December 2016	47,773	21,336	428	69,537
Additions	–	17,017	–	17,017
Exchange differences	–	368	–	368
As at 31 December 2017	**47,773**	**38,721**	**428**	**86,922**
Accumulated amortisation				
As at 31 December 2015	–	(9,137)	(171)	(9,308)
Amortisation	–	(2,997)	(47)	(3,044)
Exchange differences	–	(35)	–	(35)
As at 31 December 2016	–	(12,169)	(218)	(12,387)
Amortisation	–	(2,598)	(47)	(2,645)
Exchange differences	–	(327)	–	(327)
As at 31 December 2017	**–**	**(15,094)**	**(265)**	**(15,359)**
Net book value				
As at 31 December 2017	**47,773**	**23,627**	**163**	**71,563**
As at 31 December 2016	47,773	9,167	210	57,150

Amortisation of the Group's intangible assets has been charged to administrative expense in the consolidated income statement.

Impairment tests for goodwill

The goodwill arose from acquisition of Greatview Aseptic Packaging (Shandong) Co., Ltd. ("GA Shandong") in January 2005. The goodwill is allocated to GA Shangdong, Greatview Beijing Trading Co., Ltd. ("GA Beijing") and Greatview Aseptic Packaging (Inner Mongolia) Co., Ltd. ("GA Inner Mongolia"), as GA Shangdong's business was partially transferred to GA Beijing and GA Inner Mongolia after acquisition, all these entities are included in the PRC operating segment.

Amounts expressed in thousands of RMB unless otherwise stated

8 INTANGIBLE ASSETS *(continued)*

Impairment tests for goodwill *(continued)*

The recoverable amount of cash-generated units ("CGUs") is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period using estimated growth rates which are based on past performance and their expectations of future development. Cash flows within the five-year period are extrapolated using the estimated growth rates stated below.

The key assumptions used for value-in-use calculations in the cash flow projections are as follows:

	Year ended 31 December	
	2017	2016
Pre-tax discount rate	**10.7%**	13%
Five-year period growth rate	**3.0%–4.8%**	2.2%–4.8%
Perpetuity growth rate	**3%**	3%

The growth rate assumption is based on the current sales margin levels and sales mix, and the corresponding costs of sales. It is based on past performance and management's expectations of market development.

The recoverable amount calculated based on value-in-use exceeded the carrying value by RMB2,903,393. A decline in five-year period growth rate by 30.0% to (27.0%)–(25.2%), or a decline in perpetuity growth rate by 60.3% to (57.3%) or a rise in discount rate by 15.5% to 26.2%, all changes taken in isolation, would remove the remaining headroom.

9 INVENTORIES

	As at 31 December	
	2017	2016
Raw materials	**464,298**	303,973
Work in progress	**10,722**	26,570
Finished goods	**144,743**	114,972
	619,763	445,515
Less: Provision for obsolescence		
— Raw materials	**(13,231)**	(11,391)
— Finished goods	**(2,463)**	(4,511)
	604,069	429,613

The cost of inventories recognised as expense and included in 'cost of sales' amounted to approximately RMB1,680,519 (2016: RMB1,543,052).

The Group reversed RMB2,692 of a previous inventory write-down in 2017, as the Group sold the relevant goods that had been written down to an independent retailer in China at original cost. The amount reversed has been included in 'Cost of sales' in the income statement.

Amounts expressed in thousands of RMB unless otherwise stated

10 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2017	2016
Trade receivables	**368,222**	311,482
Less: Provision for impairment	**(16,372)**	(6,287)
Trade receivables — net	**351,850**	305,195
Notes receivable	**3,779**	8,174
Value added tax deductible	**12,315**	21,845
Prepayments	**27,781**	32,082
Less: Provision for impairment	**(8,681)**	(8,681)
Prepayments — net	**19,100**	23,401
Other receivables	**19,273**	11,707
	406,317	370,322
Less non-current portion: Trade receivables	**(12,436)**	(7,825)
	393,881	362,497

The Group does not hold any collateral as security.

All non-current receivables are due over one year from the end of the year.

The carrying amounts of trade receivables, notes receivable and other receivables approximate their fair values and are mainly denominated in the following currencies:

		As at 31 December	
		2017	2016
Trade receivables	— RMB	**169,531**	164,250
	— EUR	**175,108**	140,755
	— US$	**23,583**	6,477
		368,222	311,482
Notes receivable	— RMB	**3,779**	8,174
Other receivables	— RMB	**2,589**	6,155
	— US$	**–**	5,148
	— EUR	**16,684**	404
		19,273	11,707

Amounts expressed in thousands of RMB unless otherwise stated

10 TRADE AND OTHER RECEIVABLES *(continued)*

At 31 December 2017 and 2016, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at 31 December	
	2017	2016
Trade receivables, gross		
0–30 days	**115,773**	157,100
31–90 days	**82,618**	81,083
91–365 days	**136,011**	58,613
Over 1 year	**33,820**	14,686
	368,222	311,482

The credit terms granted to customers by the Group were primarily 0 to 90 days (2016: 0 to 90 days) during the year. Trade receivables of RMB141,192 (2016: RMB102,634) were past due but not impaired. These mainly relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these past due trade receivables is as follows:

	As at 31 December	
	2017	2016
Up to 90 days	**104,158**	69,701
91 to 365 days	**30,848**	28,228
Over 1 year	**6,186**	4,705
	141,192	102,634

Trade receivables of RMB16,372 (2016: RMB6,287) were impaired and provided for. The amount of the provision was RMB16,372 (2016: RMB6,287).The individually impaired receivables mainly relate to customers which are in unexpectedly difficult economic situations. The ageing of these receivables is as follows:

	As at 31 December	
	2017	2016
Up to 90 days	**2,533**	–
91 to 365 days	**121**	868
Over 1 year	**13,718**	5,419
	16,372	6,287

Amounts expressed in thousands of RMB unless otherwise stated

10 TRADE AND OTHER RECEIVABLES *(continued)*

Movements on the Group provision for impairment of receivables are as below:

	As at 31 December	
	2017	2016
At beginning of the year	**(6,287)**	(3,708)
Provision for impairment	**(10,085)**	(2,579)
Written off during the year	**–**	–
At end of the year	**(16,372)**	(6,287)

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 31 December	
	2017	2016
At beginning of the year	**372,810**	–
Additions	**514,673**	749,181
Disposals	**(767,100)**	(376,371)
At end of the year	**120,383**	372,810

The available-for-sale financial assets represent investments in wealth management products issued by certain commercial banks in the PRC with expected return range from 1.74% to 4.60% per annum and will mature 92 days or be redeemable on demand. These wealth management products are comprised of RMB98,383 equity instruments and RMB22,000 debt instruments. As at 31 December 2017, the carrying amount approximated the fair value. The fair values are based on discounted cash flow method using the discount rate based on management judgement and are within level 3 of the fair value hierarchy, inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs). The maximum exposure to credit risk at the reporting date is the carrying value of the wealth management products classified as available-for-sale.

12 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As at 31 December	
	2017	2016
Cash at bank and on hand	**348,413**	205,945
Bank deposits with initial terms within three months	**7,375**	137
	355,788	206,082

Amounts expressed in thousands of RMB unless otherwise stated

12 CASH AND BANK BALANCES *(continued)*

(b) Restricted cash

At 31 December 2017, RMB189,754 (2016: RMB153,009) are restricted deposits held at bank as guarantee for bank loan and notes payables.

The carrying amounts of cash and bank balances of the Group are denominated in the following currencies:

	As at 31 December	
	2017	2016
RMB	**505,920**	291,261
US$	**15,274**	39,664
EUR	**22,571**	26,831
HK$	**864**	1,335
CHF	**890**	–
GBP	**23**	–
	545,542	359,091

13 SHARE CAPITAL, SHARE PREMIUM AND CAPITAL RESERVE

		As at 31 December	
	Note	**2017**	2016
Share capital	(a)	**11,446**	11,450
Share premium	(a)	**663,988**	700,723
Capital reserve		**122,848**	122,848
		798,282	835,021

(a) Share capital and share premium

Share capital

The total authorised number of ordinary shares is 3,000,000,000 (2016: 3,000,000,000) with par value of HK$0.01 per share (2016: HK$ 0.01 per share).

The number of ordinary shares issued as of 31 December 2017 is 1,337,019,000 (2016: 1,337,541,000). All issued shares are fully paid.

The Company acquired and cancelled 522,000 of its own shares through purchases on the Stock Exchange during 2017. The total amount paid to acquire the shares was HK$1,963,624 (approximately RMB1,739) and has been deducted from share capital and share premium.

Share premium

On 9 December 2010, the Company completed its initial public offering by issuing 233,600,000 shares of HK$0.01 each at a price of HK$4.30 per share. The Company's shares are listed on the Stock Exchange.

Amounts expressed in thousands of RMB unless otherwise stated

14 STATUTORY RESERVE

	Year ended 31 December	
	2017	2016
As at 1 January	**234,749**	207,667
Transfer from retained earnings	**28,801**	27,082
As at 31 December	**263,550**	234,749

In accordance with PRC regulations and the Articles of Association of the PRC subsidiaries, the PRC subsidiaries of the Company appropriate 10% of their net profits as shown in the accounts prepared under PRC generally accepted accounting principles to statutory reserve, until the reserve reaches 50% of their respective registered capital. Appropriation of the statutory reserve must be made before distribution of dividend to equity holders.

15 RETAINED EARNINGS

	Year ended 31 December	
	2017	2016
As at 1 January	**1,294,800**	1,114,642
Profit for the year	**343,286**	333,756
Transfer to statutory reserve	**(28,801)**	(27,082)
Dividends paid	**(240,447)**	(126,516)
As at 31 December	**1,368,838**	1,294,800

16 OTHER RESERVE

	Available-for-sale financial assets
At 1 January 2016 and 2017	–
Revaluation-gross	3,382
Deferred tax	(845)
Other comprehensive income	2,537
At 31 December 2017	**2,537**

Changes in the fair value and exchange differences arising on translation of investments that are classified as available-for-sale financial assets, are recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired, see accounting policy note 2.10 for details.

Amounts expressed in thousands of RMB unless otherwise stated

17 SHARE-BASED PAYMENTS

On 15 November 2010, a Pre-IPO Share Option Scheme was adopted by resolution of shareholders of the Company. The main purpose of the scheme is, among others, to provide incentives to directors and employees of the Group with regard to their services and employment. Pursuant to the Pre-IPO Share Option Scheme, for a consideration of HK$1, Liwei Holdings Limited ("Liwei") was granted (by way of transfer) options to subscribe for up to 22,000,000 shares in the Company, and Liwei will grant the options to eligible participants. Pre-approval from the Board of the Company is required for Liwei to grant the options. Such approval covers key terms of the options including eligibility, performance target and share subscription price. The Board approved Liwei to grant the Pre-IPO Options on 17 March 2011. Pursuant to the Pre-IPO Option Scheme, 284 employees were granted the Pre-IPO Options to subscribe for up to 20,010,000 shares of the Company. The Pre-IPO Options will vest in four instalments on 1 September 2011, 1 June 2012, 1 June 2013, and 1 June 2014 with the exercise price of HK$4.30.

On 28 March 2013, as approved by resolution of shareholders of the Company, a total of 3,236,000 options (3,164,000 among which are forfeited from options granted on 17 March 2011, together with 72,000 Options, out of the remaining 1,990,000 options granted to Liwei in the Pre-IPO Share Option Scheme) were granted to Liwei. The Board approved Liwei to grant the options to eligible participants on 12 April 2013. Pursuant to the Pre-IPO Option Scheme, 193 employees were granted the Pre-IPO options to subscribe for up to 3,236,000 shares of the Company. The options will vest in two instalments on 1 June 2013 and 1 June 2014 with the exercise price of HK$4.30.

The options are exercisable subject to the holders of these options still being employees of the Group and without any inappropriate behaviour that are forbidden by the Group on the vesting date. The options are exercisable starting from the vesting date with a contractual option term of two years. The Group has no legal or constructive obligation to repurchase or settle the options in cash. The outstanding share options had lapsed on 1 June 2016.

Movements in the number of the share options are as follows.

	Number of options (thousands)	
	2017	2016
At 1 January	**–**	2,445
Lapsed	**–**	(2,445)
At 31 December	**–**	–

As of 31 December 2017, outstanding options is nil (2016: nil). The options exercised in 2017 is nil (2016: nil).

The total expense recognised in the consolidated income statement for the year ended 31 December 2017 for share options is nil (2016: nil).

Amounts expressed in thousands of RMB unless otherwise stated

18 DEFERRED GOVERNMENT GRANTS

	Year ended 31 December	
	2017	2016
Opening net amount at beginning of the year	**91,242**	97,156
Additions	**1,543**	3,754
Amortisation	**(6,643)**	(11,759)
Exchange adjustments	**4,691**	2,091
Closing net amount at end of the year	**90,833**	91,242
At the end of the year		
Cost	**125,246**	121,184
Less: accumulated amortisation	**(40,433)**	(32,271)
Exchange adjustments	**6,020**	2,329
Net book amount	**90,833**	91,242

	As at 31 December	
	2017	2016
Current portion of deferred government grant	**7,905**	6,118
Non-current portion of deferred government grant	**82,928**	85,124

During the year ended 31 December 2017, the Group received government grants mainly for the research and development of certain technology project. The amounts are recognised in the consolidated statements of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Amounts expressed in thousands of RMB unless otherwise stated

19 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2017	2016
Trade payables	**244,588**	169,248
Notes payables	**136,754**	116,024
Advances from customers	**35,205**	15,875
Accrued expenses	**38,129**	47,477
Salary and welfare payable	**22,513**	21,399
Other payables	**10,258**	11,500
Tax payable	**6,181**	4,575
	493,628	386,098

At 31 December 2017, the ageing analysis of the trade payables based on invoice date were as follows:

	As at 31 December	
	2017	2016
Within 30 days	**226,444**	141,843
31–90 days	**14,223**	23,788
91–365 days	**1,051**	870
Over 365 days	**2,870**	2,747
	244,588	169,248

The carrying amounts of trade payables, salary and welfare payable and other payables approximate their fair values and are mainly denominated the following currencies:

		As at 31 December	
		2017	2016
Trade payables	— RMB	**107,669**	52,425
	— US$	**79,976**	49,535
	— EUR	**56,943**	67,288
		244,588	169,248
Salary and welfare payable	— RMB	**20,480**	19,799
	— EUR	**2,033**	1,600
		22,513	21,399
Other payables	— RMB	**5,421**	10,565
	— HK$	**–**	66
	— EUR	**4,837**	869
		10,258	11,500
Notes payables	— RMB	**136,754**	116,024

Amounts expressed in thousands of RMB unless otherwise stated

20 BORROWINGS

		As at 31 December	
		2017	2016
Current			
Secured bank borrowing	— EUR	**112,919**	104,538
Total borrowings		**112,919**	104,538

The secured bank borrowings of RMB112,919 nominated in EUR are secured by bank deposits of the Group of RMB53,000 (2016: RMB45,000) (Notes 12(b)).

The Group's borrowings as at each of the statement of financial position date were repayable as follows:

	As at 31 December	
	2017	2016
Within 1 year	**112,919**	104,538

As of 31 December 2017, the Group has 5 borrowing facilities (31 December 2016: 5) with a total limit of US$130,000,000 (RMB849,446) and EUR16,350,000 (RMB127,568) (31 December 2016: US$125,000,000 (RMB867,125) and EUR15,000,000 (RMB109,602)). The amounts of the unutilised borrowing facilities are as follows:

	As at 31 December	
	2017	2016
Floating rate:		
— Expiring within 1 year	**864,095**	872,189

Amounts expressed in thousands of RMB unless otherwise stated

21 DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at 31 December	
	2017	2016
Deferred income tax assets		
— Deferred income tax asset to be recovered after more than 12 months	**12,256**	9,771
— Deferred income tax asset to be recovered within 12 months	**7,274**	11,125
	19,530	20,896
Deferred income tax liabilities		
— Deferred income tax liability to be recovered within 12 months	**(8,295)**	(6,550)
Deferred income tax assets (net)	**11,235**	14,346

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

	Year ended 31 December	
	2017	2016
At beginning of the year	**14,346**	18,008
Recognised in the income statement (Note 27)	**(2,266)**	(3,662)
Recognised in the equity statement	**(845)**	–
At end of the year	**11,235**	14,346

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets	**Accrued expenses**	**Government grants**	**Impairments and provisions**	**Total**
At 1 January 2016	11,316	6,423	4,907	22,646
Recognised in the income statement	(1,904)	(1,511)	1,665	(1,750)
At 31 December 2016	9,412	4,912	6,572	20,896
Recognised in the income statement	(2,464)	(16)	1,114	(1,366)
At 31 December 2017	**6,948**	**4,896**	**7,686**	**19,530**

Amounts expressed in thousands of RMB unless otherwise stated

21 DEFERRED INCOME TAX *(continued)*

Deferred income tax liabilities	Unremitted earnings (Note 21(b))	Other reserve (Note 16)	Total
At 1 January 2016	4,638	–	4,638
Recognised in the income statement	1,912	–	1,912
At 31 December 2016	6,550	–	6,550
Recognised in the income statement	900	–	900
Recognised in the equity statement	–	845	845
At 31 December 2017	**7,450**	**845**	**8,295**

(a) Deferred income tax assets are recognised for tax losses carried-forward to the extent that the realisation of the related tax benefits through the future taxable profits is probable. The amount of tax losses for which no deferred income tax asset were recognised was approximately RMB53,201 (2016: RMB92,071). As of 31 December 2017 and 2016, the expiry dates of the unrecognised tax losses can be carried forward against future taxable income are analysed as below:

Expiring in year ending:	2017	2016
2017	**–**	5,465
2018	**6,875**	6,875
2019	**10,575**	10,575
2020	**12,780**	13,194
2021	**11,383**	53,374
2022	**10,523**	–
Losses without expiry date	**1,065**	2,588
	53,201	92,071

(b) In accordance with the corporate income tax law in the PRC, a 5% withholding tax will be levied on the dividend declared by the subsidiaries which was established in the PRC to its foreign investor. Considering the dividend policies of the PRC subsidiaries and the Group's business plan, the Directors are of the view that only a portion of the unremitted earnings of the PRC subsidiaries of approximately RMB149,000 (2016: RMB131,000) may be distributed to their foreign parent company in the foreseeable future and the related deferred income tax liabilities of approximately RMB7,450 (2016: RMB6,550) have been recognised accordingly.

Amounts expressed in thousands of RMB unless otherwise stated

22 LONG-TERM PREPAYMENTS

Long-term prepayments mainly comprised deposits paid to purchase machinery and equipment.

23 REVENUE, OTHER INCOME AND OTHER GAINS — NET

	Year ended 31 December	
	2017	2016
Sales of products	**2,336,293**	2,169,159
Other income:		
— Income from sales of materials	**21,508**	16,765
— Subsidy income from government	**28,404**	27,773
— Interest on available-for-sale financial assets (i)	**3,653**	1,902
	53,565	46,440
Other gains — net		
— Net (losses)/gains on disposal of assets	**(238)**	116
— Net foreign exchange loss	**(4,641)**	(739)
— Others	**4,925**	4,527
	46	3,904

The subsidy income comprised cash grants from local government as an incentive to promote local businesses.

(i) Interest income

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see note 26 below. Any other interest income is included in other income above. Total interest income on financial assets that are not measured at fair value through profit or loss for the year was RMB11,638 (2016: RMB10,307).

Amounts expressed in thousands of RMB unless otherwise stated

24 EXPENSES BY NATURE

	Year ended 31 December	
	2017	2016
Raw materials and consumables used	**1,347,033**	1,260,462
Changes in inventories of finished goods and work in progress	**32,281**	11,252
Tax and levies on main operations	**9,759**	9,279
(Write-back)/provision for obsolescence on inventories	**(208)**	6,674
Depreciation and amortisation charges:	**109,971**	101,486
— *Depreciation of PP&E*	**106,988**	98,082
— *Amortisation of intangible assets*	**2,645**	3,044
— *Amortisation of land use rights*	**338**	360
Provision for impairment of receivables and prepayment	**10,085**	2,579
Employee benefit expenses (Note 25)	**204,720**	190,824
Auditors' remuneration		
— Audit services	**2,180**	2,276
— Non-audit services	**187**	247
Transportation expenses	**62,347**	49,955
Repair and maintenance expenses	**26,214**	23,692
Electricity and utilities	**37,392**	33,369
Rental expenses	**7,457**	7,581
Plating expenses	**12,569**	10,079
Professional fees	**7,979**	5,885
Travelling expenses	**13,824**	12,276
Advertising and promotional expenses	**16,787**	16,414
Other expenses	**48,478**	50,177
Total cost of sales, distribution expenses and administrative expenses	**1,949,055**	1,794,507

25 EMPLOYEE BENEFITS

The analysis of employee benefits is as follows:

	Year ended 31 December	
	2017	2016
Wages and salaries (including discretionary bonuses)	**163,155**	157,436
Employer's contributions to pension scheme and others	**41,565**	33,388
	204,720	190,824

Amounts expressed in thousands of RMB unless otherwise stated

25 EMPLOYEE BENEFITS *(continued)*

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 2 directors (2016: 2), whose emoluments were reflected in the analysis presented in Note 36. The emoluments payable to the remaining three individuals during the year are as follows:

	Year ended 31 December	
	2017	2016
Salaries and other short-term employees benefits	**3,240**	3,955
Social security cost	**93**	105
	3,333	4,060

The emoluments fell within the following bands:

	Year ended 31 December	
	2017	2016
Emolument bands		
HK$1,000,001–HK$1,500,000	**3**	2
HK$1,500,001–HK$2,000,000	**–**	–
HK$2,000,001–HK$2,500,000	**–**	1
HK$2,500,001–HK$3,000,000	**–**	–
	3	3

(b) Senior management remuneration by band (excluded 2 directors (2016: 2), whose emoluments were reflected in the analysis presented in Note 36)

The number of individuals emoluments fell within the following bands:

	Year ended 31 December	
	2017	2016
Emolument bands		
HK$0–HK$500,000	**–**	–
HK$500,001–HK$1,000,000	**1**	1
HK$1,000,001–HK$1,500,000	**5**	4
HK$1,500,001–HK$2,000,000	**–**	–
HK$2,000,001–HK$2,500,000	**–**	1
HK$2,500,001–HK$3,000,000	**–**	–
	6	6

Amounts expressed in thousands of RMB unless otherwise stated

26 FINANCE INCOME AND FINANCE EXPENSES

	Year ended 31 December	
	2017	2016
Interest income	**7,985**	8,405
Finance income	**7,985**	8,405
Interest expenses — bank borrowings	**(1,019)**	(1,486)
Exchange losses — net	**(3,428)**	(1,315)
Finance expenses	**(4,447)**	(2,801)

27 INCOME TAX EXPENSE

	Year ended 31 December	
	2017	2016
Current income tax:		
Enterprise income tax	**98,835**	93,182
Deferred tax:		
Origination and reversal of temporary differences	**2,266**	3,662
Taxation	**101,101**	96,844

The Group's subsidiaries established in the PRC except for Greatview Aseptic Packaging (Inner Mongolia) Co., Ltd. are subject to the PRC statutory income tax rate of 25% (2016: 25%) on the taxable income for the year. Hong Kong profits tax has been provided at rate of 16.5% for the current year (2016: 16.5%). The profits tax of Greatview Aseptic Packaging Manufacturing GmbH and Greatview Aseptic Packaging Service GmbH has been provided at rate of 30.8%. Greaview Aseptic Packaging Europe GmbH is subject to the Swiss statutory income tax rate of 11.35%.

Greatview Aseptic Packaging (Inner Mongolia) Co., Ltd. is located in a special economic zone with an preferential statutory income tax rate of 15%, which is subject to annual approval from the local tax bureau. The local tax bureau has approved this preferential tax rate of 15% for this subsidiary in year 2017.

Amounts expressed in thousands of RMB unless otherwise stated

27 INCOME TAX EXPENSE *(continued)*

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Group companies is as follows:

	Year ended 31 December	
	2017	2016
Profit before tax	**444,387**	430,600
Tax calculated at domestic tax rates applicable to profits in the respective countries	**103,560**	98,920
Withholding tax on dividends	**12,900**	12,132
Preferential tax treatment for a subsidiary	**(12,908)**	(11,260)
Income not subject to tax	**99**	(13)
Expenses not deductible for taxation purposes	**137**	412
Tax losses for which no deferred income tax asset was recognised	**2,866**	2,975
Utilisation of previously unrecognised tax losses for which no deferred income tax was recognised	**(5,639)**	(5,746)
Others	**86**	(576)
Income tax expense	**101,101**	96,844

28 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2017	2016
Profit attributable to equity holders of the Company	**343,286**	333,756
Weighted average number of ordinary shares in issue (thousands)	**1,337,084**	1,337,668
Basic earnings per share (RMB per share)	**0.26**	0.25

Amounts expressed in thousands of RMB unless otherwise stated

28 EARNINGS PER SHARE *(continued)*

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares.

	Year ended 31 December	
	2017	2016
Profit attributable to equity holders of the Company	**343,286**	333,756
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**1,337,084**	1,337,668
Diluted earnings per share (RMB per share)	**0.26**	0.25

29 DIVIDENDS

The dividends paid in 2017 and 2016 were HK$320,884,560 (HK$0.12 per share, approximately RMB275,447 in total) and HK$294,259,020 (HK$0.11 per share, approximately RMB252,268 in total) respectively. A dividend in respect of the year ended 31 December 2017 of HK$0.13 per share, amounting to a total dividend of HK$173,812,470 (approximately RMB145,290 in total) is to be proposed by the Board at the forthcoming annual general meeting to be partly paid out of the share premium account of the Company and partly paid out of the distributable profits of the Company. These financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2017	2016
Dividends proposed and paid during the year	**136,199**	126,516
Proposed final dividend of HK$0.13 (2016:HK$0.12) per ordinary share	**145,290**	143,516
	281,489	270,032

Amounts expressed in thousands of RMB unless otherwise stated

30 CASH GENERATED FROM OPERATIONS

	Year end 31 December	
	2017	2016
Profit before income tax	**444,387**	430,600
Adjustments for:		
— Amortisation of intangible assets	**2,645**	3,044
— Amortisation of land use rights	**338**	360
— Amortisation of deferred revenue	**(6,643)**	(11,759)
— Depreciation of property, plant and equipment	**106,988**	98,082
— Impairment provision for trade and other receivables	**10,085**	2,579
— Impairment (write-back)/provision for obsolescence on inventories	**(208)**	6,674
— Loss/(gain) on disposal of property, plant and equipment	**238**	(116)
— Interest on disposal of available-for-sale financial assets	**(3,653)**	(1,902)
— Finance income — net	**(3,538)**	(5,604)
— Foreign exchange losses/(gains) on operating activities	**4,908**	(2,144)
Changes in working capital:		
— Inventories	**(174,248)**	130,101
— Trade receivables, other receivables, prepayments and restricted cash	**(78,809)**	170,099
— Trade payables, other payables and accruals	**108,029**	(53,834)
— Government grants	**1,543**	–
Cash generated from operations	**412,062**	766,180

Non-cash transaction

In 2016 and 2017, there was no significant non-cash transaction.

	Liabilities from financing activities Borrowings due within 1 year
At 31 December 2016	(104,538)
Cash flows	(1,250)
Foreign exchange adjustments	(7,131)
At 31 December 2017	(112,919)

Amounts expressed in thousands of RMB unless otherwise stated

31 SUBSIDIARIES

Particulars of the subsidiaries of the Group as at 31 December 2017 are set out below:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Proportion of ordinary shares directly held by the Company (%)	Proportion of ordinary shares held by the Group (%)
Partner One Enterprises Ltd.	British Virgin Island, Limited liability company	Investment holding in British Virgin Island	US$2 Ordinary shares	100%	100%
Global Land International Industries Limited	Hong Kong, Limited liability company	Investment holding in Hong Kong	HK$10,000 Ordinary shares	–	100%
Greenone Co., Ltd.	PRC, Limited liability company	Research and development of multi-layers food packaging materials in PRC	RMB10,000,000	–	100%
Greatview Holdings Ltd.	Hong Kong, Limited liability company	Investment holding in Hong Kong	HK$10,000 Ordinary shares	–	100%
Greatview Aseptic Packaging (Shandong) Co., Ltd.	PRC, Limited liability company	Production and sale of packaging products in PRC	US$44,000,000	–	100%
Greatview Beijing Packaging Equipment Co., Ltd.	PRC, Limited liability company	Production and sale of filling machines in PRC	RMB10,000,000	–	100%
Greatview Aseptic Packaging (Inner Mongolia) Co., Ltd.	PRC, Limited liability company	Production and sale of packaging products in PRC	US$20,000,000	–	100%
Greatview Aseptic Packaging Europe GmbH	Switzerland, Limited liability company	Sale of packaging products in Switzerland	CHF50,000 Ordinary shares	–	100%
Greatview Beijing Trading Co., Ltd.	PRC, Limited liability company	Sale of packaging products and equipment and related technical development services in PRC	US$750,000	–	100%
Greatview Aseptic Packaging Manufacturing GmbH	Germany, Limited liability company	Production and sale of packaging products in Germany	EUR25,000 Ordinary shares	–	100%
Greatview Aseptic Packaging Service GmbH	Germany, Limited liability company	Sale of packaging products in Germany	EUR25,000 Ordinary shares	–	100%
Langfang XinCeHeng Plastic Co., Ltd.	PRC, Limited liability company	Production of rubber and plastic films in PRC	RMB10,000,000	–	100%
Greatview (Sanhe) Technology Co., Ltd.	PRC, Limited liability company	Production and sale of filling machines in PRC	RMB 1,035,000	–	100%

Amounts expressed in thousands of RMB unless otherwise stated

31 SUBSIDIARIES *(continued)*

Significant restrictions

Cash and bank balances of RMB512,390 (2016: RMB305,010) are held in China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

32 COMMITMENTS

(a) The Group's capital commitments at the date of each statement of financial position are as follows:

	As at 31 December	
	2017	2016
Contracted but not provided for		
— Property, plant and equipment	**78,621**	54,807

(b) Operating leases commitments

The Group leases offices and warehouses under non-cancellable operating lease agreements. The lease terms are between three and ten years.

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

	As at 31 December	
	2017	2016
No later than 1 year	**5,105**	10,163
Later than 1 year and no later than 5 years	**3,366**	7,763
Later than 5 years	**–**	394
	8,471	18,320

Amounts expressed in thousands of RMB unless otherwise stated

33 RELATED PARTY TRANSACTIONS

Key management compensation

Key management includes Executive Directors and other key management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Year end 31 December	
	2017	2016
Salaries and other short-term employees benefits	**10,014**	11,029
Social security cost	**402**	309
	10,416	11,338

34 CONTINGENT LIABILITIES

On 17 September 2010, the Group received a notice informing it that a competitor ("Tetra Pak") has filed a complaint in Germany against subsidiary companies of the Group. The named defendants in the notice are Tralin Pak Europe GmbH (renamed Greatview Aseptic Packaging Europe GmbH in 2011) and Tralin Packaging Company Limited (together in the following "Tralin Pak"); alleging patent infringement related to aseptic packaging material. In December 2011, the Court denied the complaint and found Tetra Pak liable for the costs of the proceedings ("the Judgement"). On 16 January 2012, Tetra Pak filed a notice of appeal to Dusseldorf Higher Regional Court against the Judgement. As at 31 December 2017, the appeal was pending decision of the opposition proceedings.

Furthermore, on 20 October 2010, Greatview Aseptic Packaging Europe GmbH initiated Opposition Proceedings before the European Patent Office ("EPO") to nullify the same patent in question with effect for all member states of the European Patent Convention. In the oral hearing of 27 November 2012, the opposition division of European Patent Office has revoked the patent in full. However, Tetra Pak has filed an appeal on 17 April 2013 against the first instance decision. On 23 December 2013, the Company had filed a reply in response to Tetra Pak's appeal. As at 31 December 2017, the appeal was under process at EPO. The EPO Board of Appeal has scheduled the oral hearing on 26 and 27 April 2018. Based on the communication with its legal advisor on German law, the Company made its assessment that the Group may prevail in the defence against Tetra Pak's appeal. Consequently, the Group considered there is no need to make any provision relating to this claim.

Amounts expressed in thousands of RMB unless otherwise stated

35 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	Note	As at 31 December 2017	2016
ASSETS			
Non-current assets			
Investment in a subsidiary		**221,801**	221,801
Amount due from a subsidiary		**621,360**	700,700
		843,161	922,501
Current assets			
Amount due from a subsidiary		**51,410**	57,528
Cash and cash equivalents		**355**	10
Prepayments		**1,393**	564
		53,158	58,102
Total assets		**896,319**	980,603
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**11,446**	11,450
Other reserves and retained earnings	Note (a)	**883,874**	968,393
Total equity		**895,320**	979,843
LIABILITIES			
Current liabilities			
Trade payables, other payables and accruals		**999**	760
Total liabilities		**999**	760
Total equity and liabilities		**896,319**	980,603

The balance sheet of the Company was approved by the Board of Directors on 29 March 2018 and was signed on its behalf

Director
Bi Hua, Jeff

Director
Liu Jun

Amounts expressed in thousands of RMB unless otherwise stated

35 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(continued)*

(a) Reserve movement of the Company

	2017	2016
As at 1 January	**968,393**	979,751
Profit for the year	**192,663**	249,887
Dividends	**(275,447)**	(252,268)
Shares repurchased	**(1,735)**	(8,977)
As at 31 December	**883,874**	968,393

36 DIRECTORS' EMOLUMENTS

(a) The remuneration of directors was as follows:

Name of Director	Fees	Salary	Discretionary bonuses	Housing Allowance	Employer's contribution to pension scheme	Total
Year ended 31 December 2016:						
Executive directors						
Mr. Bi Hua, Jeff	172	2,462	425	278	63	3,400
Mr. Liu Jun	172	1,087	182	71	47	1,559
Non-executive directors						
Mr. Hong Gang	–	–	–	–	–	–
Mr. Zhu Jia	–	–	–	–	–	–
Independent non-executive directors						
Mr. Lueth Allen Warren	172	–	–	–	–	172
Mr. Behrens Ernst Hermann	172	–	–	–	–	172
Mr. Dang Xinhua	172	–	–	–	–	172
	860	3,549	607	349	110	5,475

Amounts expressed in thousands of RMB unless otherwise stated

36 DIRECTORS' EMOLUMENTS *(continued)*

(a) The remuneration of directors was as follows: *(continued)*

Name of Director	Fees	Salary	Discretionary bonuses	Housing Allowance	Employer's contribution to pension scheme	Total
Year ended 31 December 2017:						
Executive directors						
Mr. Bi Hua, Jeff	**173**	**2,418**	**484**	**281**	**66**	**3,422**
Mr. Liu Jun	**173**	**1,087**	**220**	**79**	**51**	**1,610**
Non-executive directors						
Mr. Hong Gang	**–**	**–**	**–**	**–**	**–**	**–**
Mr. Zhu Jia	**–**	**–**	**–**	**–**	**–**	**–**
Mr. Hsu David (appointed on 9 August 2017)	**–**	**–**	**–**	**–**	**–**	**–**
Independent non-executive directors						
Mr. Lueth Allen Warren	**173**	**–**	**–**	**–**	**–**	**173**
Mr. Behrens Ernst Hermann	**173**	**–**	**–**	**–**	**–**	**173**
Mr. Dang Xinhua (passed away on 16 November 2017)	**173**	**–**	**–**	**–**	**–**	**173**
	865	**3,505**	**704**	**360**	**117**	**5,551**

(b) Directors' retirement benefits

During the year, no retirement benefits were paid to or receivable by the directors in respect of their services as directors of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiary undertaking (2016: Nil).

(c) Directors' termination benefits

During the year, no payment or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable (2016: Nil).

(d) Consideration provided to third parties for making available directors' services

During the year, no consideration was provided to or receivable by third parties for making available directors' services (2016: Nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, their controlled bodies corporate and connected entities with such directors

During the year, there are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2016: Nil).

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of year or at any time during the year (2016:Nil).