Greatview Aseptic Packaging Company Limited

Annual Report 2016

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

CONTENTS

03 Corporate Information
05 Financial Summary
07 Five Years Financial Summary
09 CEO's Statement
10 Management Discussion and Analysis
19 Board of Directors and Senior Management
24 Report of the Directors
35 Corporate Governance Report
48 Corporate Sustainability Report
52 Independent Auditor's Report
57 Consolidated Statement of Financial Position
59 Consolidated Income Statement
60 Consolidated Statement of Comprehensive Income
61 Consolidated Statement of Changes in Equity
62 Consolidated Statement of Cash Flows
63 Notes to the Consolidated Financial Statements

We make liquid food consumption safe, accessible and appealing, while respecting the environment.

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. ZHU Jia

Independent Non-Executive Directors

Mr. LUETH Allen Warren
Mr. BEHRENS Ernst Hermann
Mr. DANG Xinhua

JOINT COMPANY SECRETARIES

Mr. CHANG Fuquan
Ms. MOK Ming Wai

AUTHORIZED REPRESENTATIVES

Mr. ZHU Jia
Ms. MOK Ming Wai

AUDIT COMMITTEE

Mr. LUETH Allen Warren *(Chairman)*
Mr. BEHRENS Ernst Hermann
Mr. DANG Xinhua

REMUNERATION COMMITTEE

Mr. DANG Xinhua *(Chairman)*
Mr. BI Hua, Jeff
Mr. ZHU Jia
Mr. LUETH Allen Warren
Mr. BEHRENS Ernst Hermann

NOMINATION COMMITTEE

Mr. HONG Gang *(Chairman)*
Mr. BEHRENS Ernst Hermann
Mr. DANG Xinhua

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

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

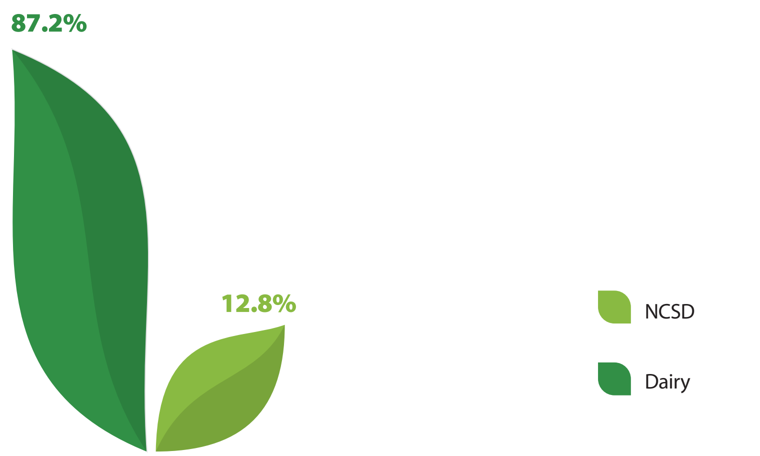
Greatview Octagon

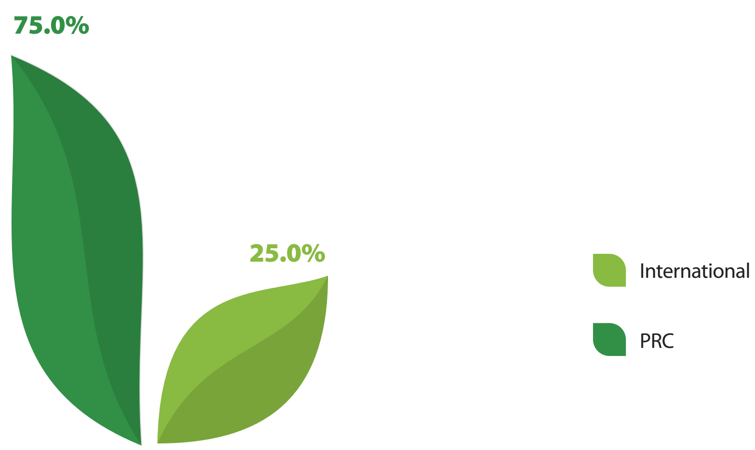
A unique shape and easily graspable design, applicable for the packaging of all kinds of dairy products, juices and beverage with brilliant metallic e˜ ects.

FINANCIAL SUMMARY

	Year ended 31 December		
	2016	2015	Percentage
	RMB (million)	RMB (million)	%
Revenue	**2,169.2**	2,218.9	(2.2%)
Gross profit	**616.8**	617.5	(0.1%)
Net profit	**333.8**	316.5	5.5%
Profit attributable to shareholders	**333.8**	316.5	5.5%
Earnings per share — basic and diluted (RMB)	**0.25**	0.24	4.2%
Proposed dividend per share (HK$)	**0.12**	0.11	9.1%

REVENUE ANALYSIS



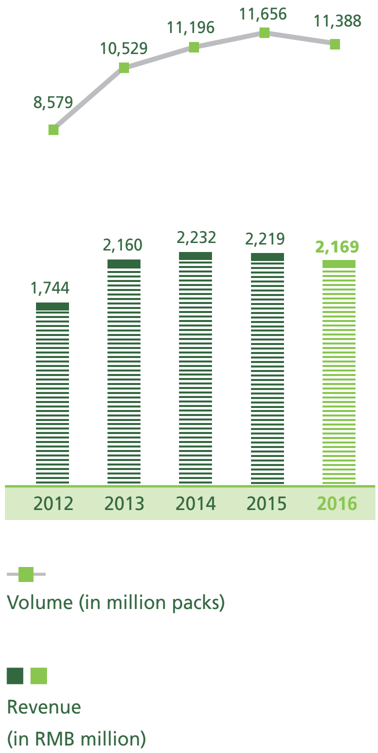


Variable Printing

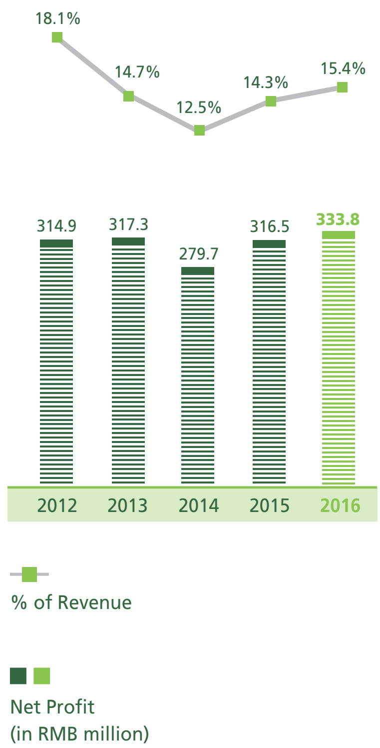
A world-pioneering and trans-industrial innovative product ensuring one code per pack and one image per pack, e˜ ectively improving traceability, management and marketing of liquid food brands with the ideal combination of codes and images.

FIVE YEARS FINANCIAL SUMMARY

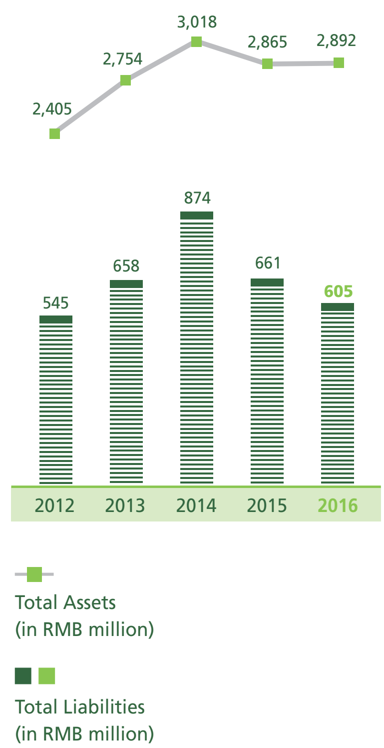
REVENUE TREND



PROFIT TREND



ASSET AND LIABILITY TRENDS



	2016 **RMB'000**	2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000
Assets					
Non-current assets	**1,368,351**	1,338,094	1,345,667	1,349,541	1,211,735
Current assets	**1,524,011**	1,527,300	1,672,141	1,404,770	1,193,531
Total assets	**2,892,362**	2,865,394	3,017,808	2,754,311	2,405,266
Liabilities					
Non-current liabilities	**91,674**	95,876	111,682	110,615	85,089
Current liabilities	**513,386**	564,877	761,855	546,914	460,333
Total liabilities	**605,060**	660,753	873,537	657,529	545,422
Total equity	**2,287,302**	2,204,641	2,144,271	2,096,782	1,859,844

CEO'S STATEMENT

EAST WIND BRINGS THE SONG OF SWALLOWS IN A FRESH YEAR

Driven by ambient yogurt and chilled dairy product, the liquid milk production volume of the PRC underwent a turnaround from sluggish growth in 2015 to a close-to-double-digit growth in 2016. The overall market trend looks promising, delivering the message of hope, and spring is just around the corner. East wind brings the song of swallows in a fresh year. Although there might be ups and downs, the fundamentals remain unchanged. The gap of consumption per capita of dairy products between the PRC and developed countries represents enormous room for expansion of the dairy industry in the PRC and Greatview in future.

The total sales of Greatview for the year were slightly affected by the weak performance in sales of certain ambient dairy products in the PRC. On the back of stringent cost control and proactive financial operation strategies, the Company however managed to meet the expected target for net profit, with total sales volume maintaining at the level of 10 billion packs. International business continued to experience a trend of rapid growth, with sales increase of over 25%. With respect to business development, we witnessed a rewarding business growth by securing orders from multinational dairy producers with global prominence.

In 2016, the staff of Greatview made great efforts to enhance internal management standards and fully completed the setting up of digital systems of Greatview. The enterprise resource planning system (the "ERP System"), a key project of the Group, enabled the Group to achieve integrated financial and business management. Computerized on-site management of factories across the globe accomplished. The target of the first phase of the ground-breaking management platform for variable printing was achieved. The world-class manufacturing (WCM) management model ran seamlessly. Innovation projects internally driven also saw notable growth, recording a three-fold increase in patent applications. The new "Greatview Octagon", the packaging products using pre-laminated hole technology, as well as the proprietary filling machine for "Greatview Octagon", were successfully launched in the market. The variable printing product, riding on its success of offering value-added marketing capabilities to customers, was shortlisted for the World Dairy Innovation Award and well-deserved to become the most eye-catching new product in the PRC's aseptic packaging industry in 2016.

Looking forward, Greatview will continue to uphold its management principles of speeding up innovation in 2017, by expediting the setting up of innovation systems safeguard its innovation capabilities. Meanwhile, Greatview will also increase its efforts in marketing new products, capture the business opportunities arising from the development of mainstream products in the dairy market and promote the sales of new products, creating a virtuous cycle for Greatview. In 2017, it is expected that Greatview will achieve even stronger growth in sales through launching new products and overcoming the sales constraints of the packaging for ambient yogurt. The second production line of Greatview's factory in Germany will formally commence operation in mid of 2017, and production capacity will be doubled. Support services will be enhanced for international business to facilitate its steady and sound development.

Confidence in both the market and the Company has always been the cornerstone for us to uphold our belief in continuous improvement. Last year, we encouraged our staff and shareholders to look forward to a bright future. This year, the pickup in the market will bring the song of swallows. Let us join hands to embrace a better future.

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 the 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 aseptic packaging materials are fully compatible with roll-fed and blank-fed filling machines which enabled us to secure most of the dairy and non-carbonated soft drink ("NCSD") producers in the PRC as well as numerous international producers as our clients.

With the increased income per capita and improved living standards of the consumers in the PRC in 2016, they not only placed greater emphasis on food safety, but also on nutrition, healthcare and quality of life. Driven by the upgrade of consumption, the domestic dairy industry shifted its focus from sales volume growth to product upgrade, but certain categories of ambient dairy products still witnessed sluggish sales. Such industry environment exerted pressure on our sales in the PRC.

In the increasingly challenging market environment, we continued to carry out innovation and strived to deliver value-added services to our customers. We pioneered the use of "one code per pack" and variable printing technology in the aseptic packaging industry for liquid food. Having successfully assisted our customers in carrying out their online and offline marketing activities, this technology was gradually applied to other product categories on the basis of cooperation on the initial product categories.

Moreover, we launched "Greatview Octagon" packaging materials, which was comparable to a product model of a leading aseptic packaging producer in the ambient yogurt market, and the proprietary filling machine for this product model. The diversified product lines enabled us to offer our customers with a greater variety of product choices, and we believe it would help us seize business opportunities in the intensely competitive market.

On the other hand, our international business sustained its high growth momentum in 2016. Our sales team expanded and extended into new regions and new markets, and won orders from a world leading multinational dairy producer. The application of pre-laminated hole technology in family-sized packages had broadened our product portfolio, enhanced our competitiveness and allowed us to win new orders and deepened our market penetration.

Management Discussion And Analysis

Following consecutive years of very strong growth in our international business, we decided to add the second production line with an annual production capacity of 4 billion packs and expand the warehouse of our European plant at Halle, Germany at the end of the first half of 2016. These new production facilities, estimated with a total investment of around 23 million Euros, are expected to commence operation in mid-2017. The additional equipment and building expansion will add capacity, flexibility and efficiency to our operations that helps to enhance the delivery and responsiveness of services and quality of products to customers. We believe this investment, will not only increase the annual production capacity of the factory by more than double, but also reflect our confidence in the continual growth of our market share.

Along with our domestic and international sales team's endeavors to capture opportunities from aseptic packaging market, our production departments were continuously committed to improving the quality of our products. On the basis of the original ISO 9001:2008 and ISO 14001:2004 certifications and a top grade in hygiene and safety standard applying to packaging materials awarded by British Retail Consortium and the Packaging Society, formerly the IOP (BRC/IOP), in the first half of 2016, our factories in Shandong and Inner Mongolia, the PRC had successively passed FSSC22000 Certification of Food Safety System and became the leading company passing such certification in aseptic packaging industry. At present, FSSC22000 is one of the most stringent food safety certification systems in the world. Having successfully gained such certification, we aligned ourselves with the world's most stringent food safety standards and are capable of providing the safest product to the liquid food industry.

Furthermore, we made tremendous achievements in internal business management. Having been implemented in our domestic operations in the year of 2015, the ERP System was successfully extended to our international operations in 2016. By integrating supply chain management, production planning, cost control, quality control, logistics management and financial management, the Group has established a comprehensive operation system to support the refined business management.

Products

We sold a total of 11.4 billion packs during the year ended 31 December 2016 which represents an decrease of 2.3% as compared with the same period in 2015. The sales volume of the international business segment kept its growth momentum of the previous year, while the domestic sales volume declined amid adverse market conditions. "Greatview Brick 250ml Base" remained as our top selling product, followed by "Greatview Brick 250ml Slim" as the second most popular selling product of our Group.

Management Discussion And Analysis

As the facts of the urbanization trend and the relative low consumption per capita of dairy products in the PRC, we stay positive on the prospects of the dairy sector in long term. In regard to our international business, given our relatively low global market share, we believe there are plenty of opportunities to be explored with the aid from production capacity expansion.

In order to cater for the growing market demand of aseptic packaging product, we will work hard to enrich our product portfolio, such as diversification in package categories and sizes, and to broaden customer base as well as to ensure the production of high quality products at all of our production plants in order to strengthen our brand in the market.

Production Capacity and Utilization

The Group has a total annual production capacity of 21.4 billion packs as at 31 December 2016. Our Group produced approximately 11.5 billion packs for the year ended 31 December 2016. The utilization rate for the year ended 31 December 2016 was 53.7%.

At the end of the first half of 2016, we have commenced construction of the second production line at our European plant. This new production line will bring additional 4 billion packs annual production capacity to the Group and is expected to be commissioned in mid-2017. The additional production capacity in our European plant will help us seize opportunities in the international business and add more flexibility and efficiency to our operations so as to deliver responsive service to our customers.

Suppliers and Raw Materials

During the year ended 31 December 2016, the cost of raw materials decreased due to lowered production volume and unit cost.

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.

Marketing

Greatview provides aseptic packaging materials and services to leading dairy and NCSD producers across the world, with a primary focus on the PRC and European markets.

In 2016, for four years in a row, we attended the National Food and Drinks Fair held in Chengdu City of Sichuan Province and Fuzhou City of Fujian Province in the PRC in March and October respectively, and were invited to attend the Internet of Things Fair, a national level event, held in Wuxi City of Jiangsu Province in late October, where we exhibited our variable printing products and "one code per pack" products. The pioneering variable printing technology in the field of aseptic packaging for liquid food has been applied to these products, bringing various value-added services for customers, including food safety traceability, sale channel management, internet marketing and sales improvement.

Management Discussion And Analysis

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 charitable donation and volunteer activities to the best of our ability.

Compliance with Applicable Laws and Regulations

For the year ended 31 December 2016, 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.

Management Discussion And Analysis

FINANCIAL REVIEW

Overview

For the year ended 31 December 2016, the Company managed to maintain a steady growth under the circumstances of an increasingly severe market environment. We continuously endeavored to optimize the production efficiency. As a result, we achieved an increase in profit for the year ended 31 December 2016. We have also attained free cash to propose for dividend. Our management is pleased with the financial results and will continue to capture growth in the aseptic packaging industry as well as explore potential business development opportunities to further enhance return to our shareholders.

Revenue

We primarily derive revenue from domestic and international sales of aseptic packaging and related services to dairy and NCSD producers. Revenue of our Group decreased by 2.2% from RMB2,218.9 million for the year ended 31 December 2015 to RMB2,169.2 million for the year ended 31 December 2016. The decrease was primarily due to the drop of sales volume in the PRC market.

With respect to the domestic segment, our revenue decreased by RMB170.5 million, or 9.5%, to RMB1,627.7 million for the year ended 31 December 2016 from RMB1,798.2 million for the year ended 31 December 2015. It was mainly impacted by the sale volume decline in the PRC market.

With respect to the international segment, our revenue increased by RMB120.7 million, or 28.7%, to RMB541.5 million for the year ended 31 December 2016 from RMB420.8 million for the year ended 31 December 2015. It was mainly due to the increase in sales volume in the international market.

Our revenue from dairy customers decreased by RMB112.1 million, or 5.6%, to RMB1,891.9 million for the year ended 31 December 2016 from RMB2,004.0 million for the year ended 31 December 2015, and our revenue from NCSD customers increased by RMB62.3 million, or 29.0%, to RMB277.2 million for the year ended 31 December 2016 from RMB214.9 million for the year ended 31 December 2015. It was mainly contributed by the increase of sales volume in international market.

Cost of Sales

Our cost of sales decreased by RMB49.1 million, or 3.1%, to RMB1,552.3 million for the year ended 31 December 2016 from RMB1,601.4 million for the year ended 31 December 2015. The reduction in cost of sales was due to the decrease in total sales volume and cost of production.

Management Discussion And Analysis

Gross Profit and Gross Margin

As a result of the foregoing factors, our gross profit decreased by RMB0.7 million, or 0.1% from RMB617.5 million for the year ended 31 December 2015 to RMB616.8 million for the year ended 31 December 2016. Our gross margin increased by 0.6 percentage points to 28.4% for the year ended 31 December 2016 from 27.8% for the year ended 31 December 2015. It was primarily due to the well control of production cost.

Other Income

Our other income increased by RMB13.2 million, or 39.8%, to RMB46.4 million for the year ended 31 December 2016 from RMB33.2 million for the year ended 31 December 2015. It was primarily due to the increase in government subsidy, sales of scrap material and income on available-for-sale financial assets.

Distribution Expenses

Our distribution expenses increased by RMB1.9 million, or 1.9%, to RMB101.5 million for the year ended 31 December 2016 from RMB99.6 million for the year ended 31 December 2015. The increase was primarily due to the increase of transportation expenses in domestic market, as the PRC issued the new regulation on the limitation of truck loadings in 2016.

Administrative Expenses

Our administrative expenses increased by RMB9.9 million, or 7.6%, to RMB140.6 million for the year ended 31 December 2016 from RMB130.7 million for the year ended 31 December 2015. The increase was primarily due to the increase in our staff's salary and welfare, the research and development expenses and amortization of ERP System.

Taxation

Our tax expenses increased by RMB0.9 million to RMB96.8 million for the year ended 31 December 2016 from RMB95.9 million for the year ended 31 December 2015. Effective tax rate decreased by 0.8 percentage points to 22.5% for the year ended 31 December 2016 from 23.3% for the previous financial year.

Profit for the Year and Net Profit Margin

Our net profit increased by RMB17.3 million, or 5.5%, to RMB333.8 million for the year ended 31 December 2016 from RMB316.5 million for the year ended 31 December 2015. Our net profit margin increased by 1.1 percentage points to 15.4% for the year ended 31 December 2016 from 14.3% for the year ended 31 December 2015 primarily due to profitability improvement of the international business and enhanced control in production costs.

Management Discussion And Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2016, we had RMB206.1 million (31 December 2015: RMB267.9 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 2016, we had RMB372.8 million (31 December 2015: nil) 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 120.9 days as at 31 December 2015 to 117.1 days as at 31 December 2016. Turnover days for trade receivables (trade receivables/revenue) increased from 50.5 days as at 31 December 2015 to 55.0 days as at 31 December 2016. Turnover days for trade payables (trade payables/cost of sales) decreased from 60.3 days as at 31 December 2015 to 56.0 days as at 31 December 2016.

Borrowings and Finance Cost

Total borrowings of our Group as at 31 December 2016 were RMB104.5 million (31 December 2015: RMB87.4 million) and denominated in Euro. For the year under review, net finance income of our Group was approximately RMB5.6 million (31 December 2015: RMB6.7 million).

Gearing Ratio

As at 31 December 2016, the gearing ratio (calculated by dividing total loans and bank borrowings by total equity) of our Group was 0.05 (31 December 2015: 0.04), 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 2016 was RMB1,010.6 million (31 December 2015: RMB962.4 million).

Foreign Exchange Exposure

Our Group's sales were primarily denominated in RMB and Euro. During the year under review, our Group recorded exchange loss of RMB0.7 million (31 December 2015: exchange loss of RMB18.5 million).

Management Discussion And Analysis

Capital Expenditure

As at 31 December 2016, our Group's total capital expenditure amounted to approximately RMB120.7 million (31 December 2015: RMB125.1 million), which was used for constructing new building and purchasing production machines and equipment for the Group.

Charge on Assets

As at 31 December 2016, our Group neither pledged any property, plant and equipment (31 December 2015: nil) nor land use right (31 December 2015: 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 2016, the appeal was pending decision of the opposition proceedings.

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 2016, 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.

Management Discussion And Analysis

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2016, our Group employed approximately 1,241 employees (31 December 2015: 1,219 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 53, 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 2016, 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 26 of this annual report for details.

Mr. LIU Jun (劉鈞)

Mr. LIU Jun (劉鈞), aged 55, 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 58, 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 2016, 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 26 of this annual report for details.

Mr. ZHU Jia (竺稼)

Mr. ZHU Jia (竺稼), aged 54, is a non-executive Director. Mr. Zhu joined the Group in 2006 and was appointed as a non-executive Director on 29 July 2010. Mr. Zhu is also a director of our subsidiaries, namely Partner One, Greatview Holdings, Shandong Greatview Aseptic, Inner Mongolia Greatview Aseptic, and Beijing Greatview. Mr. Zhu is primarily responsible for the development and monitoring of the overall business strategy of our Group. 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 non-executive director of Clear Media Limited (stock code: 100) and 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"). Mr. Zhu is also an independent non-executive director of Youku Tudou Inc. (a company listed on New York Stock Exchange). He served as a non-executive director of SinoMedia Holding Limited (stock code: 623) from November 2006 to May 2013 and GOME Electrical Appliances Holding 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.

Independent Non-executive Directors

Mr. LUETH Allen Warren

Mr. LUETH Allen Warren, aged 48, 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.

Board of Directors and Senior Management

Mr. BEHRENS Ernst Hermann

Mr. BEHRENS Ernst Hermann, aged 69, 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. DANG Xinhua (黨新華)

Mr. DANG Xinhua (黨新華), aged 63, was appointed as an independent non-executive Director on 29 May 2015. Mr. Dang is the chairman and founding partner of the China business of a global executive search firm, Odgers Berndtson. Prior to that, he was with Russell Reynolds Associates in Hong Kong for over eight years. He was one of the first Chinese nationals to enter the executive search business in China in 1994. Mr. Dang was formerly an independent director of Beijing Double-Crane Pharmaceutical Co., Ltd. (now known as China Resources Double-Crane Pharmaceutical Co., Ltd.), which is listed on the Shanghai Stock Exchange (stock code: 600062), until 31 May 2012. He is currently an advisor to the United States Business Council for Sustainable Development in their activities in China. Mr. Dang graduated from Hunan University, China and received his Master's degree in International Business from Columbia University in the United States. 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 19 of this annual report.

Mr. LIU Jun (劉鈞)

Biographical details of Mr. LIU are set out on page 19 of this annual report.

Board of Directors and Senior Management

Mr. CHANG Fuquan (常福泉)

Mr. CHANG Fuquan (常福泉), aged 59, 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.

Mr. CHEN Guining (陳桂寧)

Mr. CHEN Guining (陳桂寧), aged 61, 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. LAN Qintang (籃欽棠)

Mr. LAN Qintang (籃欽棠), aged 59, is our Converting Director. Mr. Lan, joined our Group in April 2012, is responsible for all converting plants in the Group. Mr. Lan has 29 years of experience in converting of aseptic packaging material industry. Before joining the Group, he had been working as factory director in Great China area at a leading aseptic packaging producer. Mr. Lan graduated from Si Xin University in Taiwan, majored in Printing Engineering.

Mr. YANG Jiuxian (楊久賢)

Mr. YANG Jiuxian (楊久賢) aged 53, 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 48, 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.

Board of Directors and Senior Management

Mr. CHEN Nan (陳南) (resigned on 31 December 2016)

Mr. CHEN Nan (陳南), aged 46, is our Investor Relations and Strategic Business Development Director. Mr. Chen joined our Group in May 2015. He is primarily responsible for investor relations management and Company's strategy development. Prior to joining us, Mr. Chen worked for Ingredion Inc. a global leading food ingredients company, in charge of their marketing, technology, supply chain and agriculture business function in greater China region successively. Mr. Chen also worked for a leading aseptic packaging materials producer in Guangzhou, Foshan and Shanghai for more than 9 years, responsible for key account management, strategic business development, and company's overall pricing strategy respectively. Mr. Chen graduated from South China College of Tropical Crops with a Bachelor of Food Science degree in 1994.

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 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of its subsidiaries are set out in note 30 to the consolidated financial statements. There were no significant changes in nature of 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 2016 are set out on pages 10 to 18 under Management Discussion and Analysis and pages 24 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 2016 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 2016 are set out in the section headed Management Discussion and Analysis on pages 10 to 18 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.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2016, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for 20.8% and 54.8% 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 51.0% and 63.2% 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.

Report of the Directors

SHARE CAPITAL

During the year ended 31 December 2016, the Company purchased a total of 3,047,000 ordinary Shares at an aggregate purchase price of HK$10,712,130 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 2016, the Company had reserves available for distribution of RMB777.6 million (2015: RMB788.7 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. ZHU Jia

Independent Non-Executive Directors

Mr. LUETH Allen Warren
Mr. BEHRENS Ernst Hermann
Mr. DANG Xinhua

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 19 to 23 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.

Report of the Directors

Our independent non-executive Director, Mr. BEHRENS Ernst Hermann, has renewed the letter of appointment with the Company for a term of two years 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 24 and note 35 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 2016, 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 executives 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 positions 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	9.64%

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 1,337,541,000 Shares in issue as at 31 December 2016.

Save as disclosed above, as at 31 December 2016, none of the Directors or chief executives 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 2016, 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	9.64%
Foxing	129,000,000	2	Beneficial owner	Long position	9.64%
Madam BI Wei Li	129,000,000	3	Interest of spouse	Long position	9.64%
Prudential plc	136,549,000	4	Interest of controlled corporation	Long position	10.21%
Wellington Management Group, LLP	120,123,017	5	Interest of controlled corporation	Long position	8.98%
Wellington Group Holdings LLP	120,123,017	5	Interest of controlled corporation	Long position	8.98%
Wellington Investment Advisors Holdings LLP	120,123,017	5	Interest of controlled corporation	Long position	8.98%
Wellington Management Global Holdings, Ltd.	104,540,197	5	Interest of controlled corporation	Long position	7.82%
Wellington Management Company LLP	15,582,820	5	Beneficial owner	Long position	1.17%
Wellington Management Hong Kong Ltd	57,851,438	5	Beneficial owner	Long position	4.33%
Wellington Management Singapore Pte. Ltd	46,688,759	5	Beneficial owner	Long position	3.49%
Dominion Assets Limited	120,171,000	6	Beneficial owner	Long position	8.98%
Fiduco Trust Management AG	120,171,000	6	Interest of controlled corporation	Long position	8.98%
Tanoto Sukanto	120,171,000	6	Founder of discretionary trust	Long position	8.98%

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) Prudential plc, M&G Group Ltd. and M&G Ltd. all had an indirect interest in 136,549,000 Shares as at 31 December 2016. M&G Investment Management Ltd. ("MAGIM") was the fund manager for all 136,549,000 Shares. Of these Shares, the power to vote on 26,093,000 Shares has been retained by external clients. M&G Securities Ltd. is the authorized corporate director for a number of M&G open-ended investment companies ("OEICs") and was therefore interested in 110,456,000 Shares. M&G Investment Funds (7) held 77,940,000 Shares managed by MAGIM. Other OEICs held a combined total of 32,516,000 Shares.

(5) Wellington Management Singapore Pte. Ltd and Wellington Management Hong Kong Ltd, which are 100% owned by Wellington Management Global Holdings, Ltd., are directly interested in 46,688,759 Shares and 57,851,438 Shares, respectively. Wellington Management Company LLP is directly interested in 15,582,820 Shares. Wellington Management Global Holdings, Ltd. and Wellington Management Company LLP are in turn owned by Wellington Investment Advisors Holdings LLP of 94.1% and 99.99%, respectively. Wellington Investment Advisors Holdings LLP is 99.99% owned by Wellington Group Holdings LLP which is 99.70% owned by Wellington Management Group LLP. Therefore Wellington Management Group LLP is deemed to be interested in 120,123,017 Shares.

(6) Dominion Assets Limited ("Dominion Assets") is directly interested in 120,171,000 Shares. Fiduco Trust Management AG ("Fiduco Trust") is interested in 100% of Dominion Assets and is deemed to be interested in 120,171,000 Shares. Tanoto Sukanto is the owner of a discretionary trust which in turn owns 100% of Fiduco Trust and therefore is deemed to be interested in 120,171,000 Shares.

(7) There were 1,337,541,000 Shares in issue as at 31 December 2016.

Save as disclosed above, and as at 31 December 2016, 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.

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 2016.

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.

Report of the Directors

DIRECTORS' INDEMNITIES

Pursuant to article 164 of the article of association of the Company (the "Article"), 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 2016, 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 2016, the Company purchased a total of 3,047,000 Shares at an aggregate purchase price before expenses of HK$10,712,130 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$)
January 2016	3,047,000	3.65	3.38	10,712,130
Total	3,047,000			10,712,130

All the 3,047,000 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 2016, 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 2016, 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 2016 are set out in note 19 to the consolidated financial statements.

RETIREMENT SCHEMES

Information of the retirement schemes of the Group are set out in note 2.21 and 24 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 2016.

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 2016.

DONATIONS

During the year ended 31 December 2016, 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 2016.

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 2016	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 2016
Liwei	1	22/11/2010	09/12/2010–22/11/2020	4.30	2,673,000	–	–	–	2,673,000
Employees in aggregate	2	01/09/2011, 01/06/2012, 01/06/2013 and 01/06/2014	01/09/2011–01/06/2016	4.30	2,445,000	–	–	(2,445,000)	0
Total					5,118,000	–	–	(2,445,000)	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 2016, no Pre-IPO Options were vested and 2,445,000 Pre-IPO Options were lapsed/expire after vesting.

(3) During the year ended 31 December 2016, no Pre-IPO Options were granted, 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 2016. No option has been cancelled or lapsed during the year ended 31 December 2016.

PUBLIC FLOAT

During the year ended 31 December 2016, 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.

Report of the Directors

DIVIDEND

The Board recommends the payment of a final dividend amounting to HK$160.4 million (HK$0.12 per Share, approximately RMB143.5 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 2016 (2015: HK$0.11 per Share, approximately RMB123.3 million in total). The proposed final dividend, if approved by shareholders at the forthcoming annual general meeting, shall be paid on or around 7 July 2017 to shareholders whose names appear on the register of members of the Company on 16 June 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 23 May 2017 to 26 May 2017, 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 22 May 2017.

In addition, the register of members of the Company will be closed from 14 June 2017 to 16 June 2017, 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 13 June 2017.

AUDITOR

PricewaterhouseCoopers has acted as auditor of the Company for the year ended 31 December 2016.

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, 27 March 2017

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 2016.

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 2016.

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 2016:

(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 2016, 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 comprises the following Directors:

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

Non-Executive Directors
Mr. HONG Gang *(Chairman)*
Mr. ZHU Jia

Independent Non-Executive Directors
Mr. LUETH Allen Warren
Mr. BEHRENS Ernst Hermann
Mr. DANG Xinhua

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.

During the year under review and up to the date of this annual report, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise. The independent non-executive Directors have represented at least one-third of the Board, which complies with the Rule 3.10A of the Listing Rules.

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.

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 year commencing from 9 December 2015, terminable by not less than three months' written notice and is subject to retirement in accordance with the Articles. Mr. DANG Xinhua was appointed as independent non-executive Director for a term of two years commencing from 29 May 2015 and is subject to the 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

The Nomination Committee comprises three members, namely Mr. HONG Gang (chairman of the Nomination Committee), Mr. BEHRENS Ernst Hermann and Mr. DANG Xinhua. Mr. HONG Gang is the non-executive Director and the remaining are independent non-executive Directors.

The following is a summary of work performed by the Nomination Committee during the year ended 31 December 2016:

(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 2016. 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	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 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 2016 and up to the date of this annual report, all Directors namely Mr. BI Hua, Jeff, Mr. LIU Jun, Mr. HONG Gang, Mr. ZHU Jia, Mr. LUETH Allen Warren, Mr. BEHRENS Ernst Hermann and Mr. DANG Xinhua 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

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 2016 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.

Directors' Attendance Records

There were four Board meetings and one general meeting held during the year ended 31 December 2016. The attendance records of each Director at the Board meetings and general meeting during the year of 2016 are set out below:

	Attendance/Number of meetings held	
Name of Director	**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	4/4
Mr. ZHU Jia	0/1	2/4
Independent Non-Executive Directors		
Mr. LUETH Allen Warren	1/1	4/4
Mr. BEHRENS Ernst Hermann	1/1	4/4
Mr. DANG Xinhua	1/1	4/4

Corporate Governance Report

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 2016.

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 five members, namely, Mr. DANG Xinhua (chairman of the Remuneration Committee), Mr. BI Hua, Jeff, Mr. ZHU Jia, Mr. LUETH Allen Warren and Mr. BEHRENS Ernst Hermann. The majority of the Remuneration Committee are the independent non-executive Directors which complied with the Rule 3.25 of the Listing Rules.

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 2016:

(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 2016 annual general meeting.

There was one meeting of the Remuneration Committee held during the year ended 31 December 2016. The attendance records of each member of the Remuneration Committee are set out below:

Members	**Attendance/ Number of meetings held**
Mr. DANG Xinhua *(Chairman)*	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

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2016.

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.

Corporate Governance Report

Audit Committee

The Audit Committee comprises all the three independent non-executive Directors namely, Mr. LUETH Allen Warren (chairman of the Audit Committee), Mr. BEHRENS Ernst Hermann and Mr. DANG Xinhua. In compliance with Rule 3.21 of the Listing Rules, 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 2016, the annual results and annual report for the year ended 31 December 2016, 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 2016 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	2/2

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 52 to 56 of this annual report.

Annual audit fees of the financial statements of the Group for the year ended 31 December 2016 payable to the external auditor are approximately RMB2.3 million (2015: RMB2.2 million). In addition, approximately RMB0.25 million (2015: RMB0.18 million) was incurred for other non-audit services.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management and Internal Control Systems of the Group

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

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

The management allocates resources for 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) Establishment of the risk context: evaluating and reviewing the effectiveness of the risk management and internal control systems of the Group to reduce the costs of operational risk and ensure compliant operation of the Company.

(2) Formulation of the risk management policies: ensuring that the Group carries out consistent procedures and criteria for risk identification, measurement and reporting.

(3) Identification of the risks: identifying any potential risks of various business segments and key procedures.

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

(5) Response to the risks: evaluating the risk management solutions and the effectiveness of risk management.

(6) Report and monitor: monitoring and reviewing the policies and evaluating procedures for risk management, and the measures for managing and effectiveness of controlling significant risks, and report 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 with so as to establish a comprehensive risk management and internal control system, and is monitored by the Audit Committee.

“The First Line of Defence” — Risk Management

(1) Risk management activities are carried out across the Group and extended externally to major initiatives along the business chain of the Company.

(2) The management formulates and duly complies with appropriate internal management policies, procedures and business standards according to the operational needs of the business and effectively delineates management duties to monitor and reduce risks.

(3) Inside information disclosure policies are formulated to provide employees with guidelines on reporting and disseminating inside information, confidentiality and compliance with restrictions on trading.

(4) The management provides trainings and guidelines to employees on internal management policies, procedures and business standards so as to ensure the effective compliance and implementation on the business operation.

"The Second Line of Defence" — Risk Monitoring

(1) The Company formulates risk management policies, constitutes the risk management group and conducts risk assessment and appraisal activities on an annual basis, which could timely identify and reduce the likelihood and consequences of potential risks in business operation.

(2) The information technology systems of the Group are kept upgrading to achieve the best practices in the industry and regularly reviewed to ensure their sound, reliable, stable and secure operation, further reducing the risks from system management.

(3) Establishment of the significant risk alert and management mechanisms to prevent and manage the potential risks and their possible consequences.

(4) Establishment of the anti-fraud reporting and communication channels to codify employees' professional ethics and prevents occurrence of any conduct undermining the interests of Company and our shareholders.

"The Third Line of Defence" — Independent Assurance

(1) The internal audit department is established by the Group to conduct independent review on the corporate risk management regularly, which covers all important business aspects, including finance, operation, marketing and compliance, and the scope of review includes risk monitoring, mitigation measures and management results.

(2) The internal audit department is highly independent. It reports directly to the most senior management of the Group and the Audit Committee. It conducts independent review on the adequacy and effectiveness of risk management and internal control systems of the Group with impartiality, high standards, due diligence and professionalism. The internal audit department reports its work on risk management to the Audit Committee at least annually, and is assessed and overseen by the Audit Committee.

(3) The Audit Committee assesses the effectiveness of risk management and internal control systems on behalf of the Board by reviewing the work performed by the internal audit department and its findings.

(4) The Board reviews the effectiveness of the risk management and internal control systems of the Company, including the adequacy of staff resources, qualifications and experience, training programmes and budgets of the accounting, internal audit and financial reporting departments of the Company.

(5) In addition to be reviewed by functional department of the government and internal audit department on a regular basis, the Company also engages third-party certification agency to monitor the operational management and financial reporting of the Company.

(6) The Audit Committee is responsible to monitor the independence of the external auditor to ensure the truthfulness and objectivity of financial reports of the Group.

2016 Risk Management Review

Summary of Risk Management Initiatives

(1) Risk evaluation policies were formulated. Trainings on the principles of risk management, delineation of duties, evaluation processes and assessment criteria were provided to the management of the Company.

(2) The nature of and changes in key risk items identified in previous year were reviewed and the likelihood of such risks and their impact on business were re-evaluated.

(3) Potential risks of those key business initiatives and management procedures newly introduced in 2016 were identified and evaluated.

(4) The appropriateness and effectiveness of the measures and actions to control and reduce key risks were reviewed.

(5) The risk management report for the year 2016 was submitted to the Board in January 2017 for consideration and approval.

Principal Risks and Uncertainties

Principal risks	Mitigating measures	Changes of the risks
The top five customers of the Company accounted for over 60% of the total sales of the Company, due to the landscape of the downstream market of the liquid aseptic packaging industry	Various measures were taken to achieve customer diversification and to mitigate the impact of such risk on business • Strengthening collaboration with major customers through joint projects • Expanding the international business market for international business • Tapping into domestic customers in the mid-stream market	• The solutions achieved substantial progress • Risks were reduced gradually
Impact of currency translation and exchange rate risks on cash and bank balance, and procurement and sales	Various measures were taken to reduce the loss from and impact of foreign exchange rates • Debts in foreign currency of substantial amounts were repaid • A stringent capital management plan was adopted • International trade policies were adjusted and effects of corporate leverage were reduced	• Impact of foreign exchange risk on capital was substantially reduced, compared with that of 2015 • Impact of fluctuation of foreign exchange rates on international business was maintained at an acceptable level

Corporate Governance Report

Evaluation of Risk Review

The findings and review of the risk evaluation for the year 2016 showed that the Group had established comprehensive risk management and internal control mechanisms which are implemented and improved on an ongoing basis. Tailor-made mitigation measures were adopted to reduce key risks, and some risks were reduced significantly and some are eliminated. For specific risk factors unlikely to be eliminated through risk management and internal control, their residual risks were maintained at an acceptable level.

COMPANY SECRETARY

The Company engages Ms. MOK Ming Wai, director of KCS 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 2016.

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 2017 annual general meeting of the Company ("AGM") will be held on 26 May 2017. 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 2016.

On behalf of the Board

Mr. HONG Gang
Chairman
Beijing, the PRC, 27 March 2017

CORPORATE SUSTAINABILITY REPORT

The Board is pleased to present this corporate sustainability report in the annual report of the Company for the year ended 31 December 2016. This report is prepared with reference to the Environmental, Social and Governance ("ESG") Reporting Guide set out in Appendix 27 to the Listing Rules of the Stock Exchange. The Group has been actively conducting its business in an environmentally responsible manner and takes measures to reduce the possible impact on the environmentally arising from its production and operating activities.

SUSTAINABLE DEVELOPMENT STRATEGY

Sustainable development has become a trending topic widely discussed across the world. As an enterprise in the packaging industry closely relevant to food safety, we have developed a sustainable development strategy and are committed to creating shared value for our society and the environment. This strategy includes clear objectives, basic principles and measures to ensure its implementation.

Sustainable Development Working Mechanism

To promote social responsibility and sustainable development, we have set up a sustainable development management committee (the "Sustainable Development Management Committee") and a working group (the "Working Group") with the Company's corporate governance structure.

The Sustainable Development Management Committee is responsible for formulating sustainable development policies and objectives for the Company and supervising the implementation of sustainable development practices. The Company's Chief Executive Officer chairs the Sustainable Development Management Committee, which comprises the heads of sales, procurement, production, finance and human resources departments, who will participate in its decision-making processes and take charge of the sustainable development practices in their respective fields.

The Working Group is responsible for implementing the sustainable development policies and measures and following through the Company's sustainable development vision in all aspects, including quality management, human resources, marketing and investor relations. Since its establishment, the Working Group has been keeping track of the ESG policy requirements of the Stock Exchange, maintaining a sustainable development indicator system, and gradually improving the social responsibility information disclosure system.

Involvement of Stakeholders

As a company listed on the Stock Exchange, we place great importance on communication with stakeholders and respond to their expectations by carrying out our responsibilities, in an effort to identify ourselves with stakeholders in terms of interest, emotion and value.

ENVIRONMENTAL RESPONSIBILITY

As one of our key objectives is to "help liquid food become safer, more convenient, eco-friendly and fashionable", we strive to identify and mitigate our impacts on the environment. By improving our environmental measures, we reduce the risks of major impacts on the environment and natural resources.

Green Packaging and Rational Use of Resources

We provide packaging materials and services to at least eight of the world's top 20 dairy companies, with annual sales of over 10 billion packages. When selecting raw materials, we always advocate and use paperboard materials sourced from certified sustainably managed forests, being a leader in the industry in this respect. Certified sustainably managed forests help reduce damages to local ecosystems and balance the ecological, economic and social functions for years to come.

Green Factories to Reduce Pollutant Emissions

As of the date of this report, we have two domestic factories (in Gaotang, Shandong and Helingeer, Inner Mongolia respectively) and one overseas factory (in Halle, Germany). The production and operation in these factories strictly comply with the local laws on pollution control over solid waste, noise, air and water. We have also formulated environmental measures, such as an environmental emergency plan and measures to manage pollutants and hazardous waste, in order to reduce the emission of the "three wastes" and improve resource usage efficiency.

We employ various measures in the factory to conserve energy. For example, skylights are used to make use of natural light and save electricity. Energy-saving lamps are used in the workplace for illumination. As a result, the factory in Inner Mongolia, for instance, can save approximately 100,000 kWh of electricity per year (360 days). The coal-fired boilers are replaced with gas-fired atmospheric boilers to reduce air pollution.

Green Office to Reduce Carbon Footprint

In a great effort to improve our staff's awareness of energy conservation and environmental protection, we integrate our environmental protection vision into every aspect of work and guides the staff to develop habits of energy conservation and environmental protection in their daily work and life, so as to reduce carbon footprint.

We regulate our management of waste office equipment and the disposal of waste office supplies and recycle waste paper products. In 2016, we recycled a total of 546 kilograms of paper products. We also use the Internet and electronic facilities in office work, reduce the number and scale of meetings, improve office efficiency, and strengthen control over the use of water and electricity in offices.

RESPONSIBILITIES FOR EMPLOYEES

Greatview accords priority to the growth and progress of employees and strives to align their self-attainment with enterprise development. We improve our compensation and benefits systems to protect the basic rights and interests of employees, innovate in the talent management mechanism and improve the personnel training system; create a safe and healthy workplace and build open and diverse interactive platforms to promote team building.

Employees' Rights and Interests

We strictly comply with the labour laws and other relevant labour-related laws and regulations of the jurisdictions in which we operate, and have developed and improved employment policies with emphasis on standards and equality, such as recruitment management measures and management measures for compensation and benefits, to prohibit employment discrimination and forced labour and to implement equal pay for equal work. As at the end of 2016, the Company had a total of 1,241 employees, all covered by labour contracts and social insurance plans.

Study and Growth

We provide our employees with systematic career path and widened promotion opportunities, so as to enable them to achieve value in the workplace. By developing training management system, we have established the policies for improving employees' knowledge and skills required for performing their job duties, and designed and introduced various training courses for employees at different levels, including on-the-job training, and internal, external and online training. In 2016, we provided 1,689 training sessions of various types.

Corporate Sustainability Report

Health and Safety

Employees are the most valuable asset of an enterprise. While paying attention to the career development of our employees, we attach importance to their physical and mental health and create good atmosphere in their workplace. We arrange for new employees to take health check at a professional medical institution. Each year, we make arrangements for employees to take a comprehensive health check, and to receive free flu vaccine in autumn.

Labour Standards

We have formulated policies to prevent child or forced labour, such as administrative counter measures for forced labour and procedures for protecting children and minors from labour. We also call on our suppliers to comply with the relevant labour laws against child labour.

CUSTOMER SERVICES

We have won the trust from global customers through our stable quality, cross-system integrated solutions and innovative technology. As of the date of this report, we serve customers from over 40 countries around the world.

Supply of Quality Products

Our quality assurance system, structured by production, supply chain, research and development and service management processes improve quality management from raw material supply, manufacturing, warehousing and transportation to after-sales services. We have also introduced third-party testing and certification to ensure that all products satisfy the world's strictest food safety and packaging standards.

As a leading domestic enterprise in aseptic packaging for liquid food and a pioneer in applying the "one code per pack" technology to aseptic packaging for liquid food, we keep innovating in packing technologies. We also introduce additional marketing, publicity and innovation channels for customers and offer strong assurance of food safety traceability.

With the growing customer demand, in addition to developing roll-fed and blank-fed packaging materials, the Company constantly seeks expansion upstream and downstream of the industry chain, and has initially developed cross-system integrated solutions covering aseptic packaging materials, aseptic filling equipment, spare parts, after-sales services and outsourced filling services, so as to provide customers with more comprehensive and well-established services.

Supply Chain Management

While operating in compliance with the law, we advocate a transparent and responsible supply chain by conducting stringent examination on suppliers' environmental and social risks and by reviewing the suppliers on an annual basis. In 2016, we examined environmental and social risks with our major suppliers and offered them recommendations and assisted them in management improvement.

Ethical Practices

We have formulated and implemented measures, such as anti-fraud management systems, business ethics and code of conduct, and employees' code of conduct, rewards and punishments, which are designed to provide guidelines for the management and staff to observe professional ethics and improve their integrity, and to prohibit bribery, extortion, fraud, insider dealing during external cooperation. An email address for anti-bribery whistle-blowing has been published on our official website. As at the end of the reporting period, no bribery whistle-blowing information has been received.

COMMUNITY HARMONY

Communities are the place for business growth. We uphold our vision of common development with the communities and have developed the Community Engagement Guidelines to define our community development supporting policy and our coverage of community activities. As such, we actively carry out charitable donation and volunteer activities to the best of our ability.

Volunteer Activities

Since the establishment of our factory in Halle, Germany, Greatview has been working with Kinderplanet Halle, a local institution, to participate in activities supporting children with cancer. In addition to donation and gifts to these children, the Company also arranges its staff to celebrate major festivals such as Christmas with the children and helps make their wishes come true.

Ninth- and tenth-grade students (around 15 years old) in Germany are required to gain practical experience from the society and learn a variety of workplace knowledge and skills. In view of this, the human resources department of the factory of Greatview in Germany sends personnel to local schools every year to conduct volunteer activities, such as teaching them tips on resume writing and job interviews, sharing workplace experiences, and answering questions from students.

Charitable Donation

In August 2016, through programme sponsor Liaocheng Spring Rain Association, we donated clothes to poor children under the "Spring Rain Programme" of Liaocheng, who would have been deprived of education due to poverty. We hope that our love and care can bring hope to these children.

On behalf of the Board

Mr. HONG Gang
Chairman
Beijing, the PRC, 27 March 2017

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 57 to 112, which comprise:

- the consolidated statement of financial position as at 31 December 2016;
- 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 2016, 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.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td>Goodwill impairment assessment

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 (RMB 47.8 million as of 31 December 2016) mainly because of the amounts involved were significant and that significant judgements were required to evaluate management's estimations, particularly in respect of the revenue growth rate and the discount rate as they are sensitive to the discounted cash flow model.</td><td>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 2016 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 are 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.</td></tr>
</table>

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 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 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 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 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.

From the matters communicated with the Audit Committee, 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, 27 March 2017

Consolidated Statement Of Financial Position

As at 31 December 2016

Amounts expressed in thousands of RMB except for share data

	Note	As at 31 December 2016	2015
ASSETS			
Non-current assets			
Property, plant and equipment	6	**1,258,288**	1,235,060
Land use rights	7	**15,450**	14,305
Intangible assets	8	**57,150**	57,519
Deferred income tax assets	20	**20,896**	22,646
Trade and other receivables	10	**7,825**	–
Long-term prepayments	21	**8,742**	8,564
		1,368,351	1,338,094
Current assets			
Inventories	9	**429,613**	566,388
Trade and other receivables	10	**362,497**	504,045
Available-for-sale financial assets	11	**372,810**	–
Cash and cash equivalents	12	**206,082**	267,885
Restricted cash	12	**153,009**	188,982
		1,524,011	1,527,300
Total assets		**2,892,362**	2,865,394
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital, share premium and capital reserve	13	**835,021**	969,776
Statutory reserve	14	**234,749**	207,667
Retained earnings	15	**1,294,800**	1,114,642
Exchange reserve		**(77,268)**	(87,444)
Total equity		**2,287,302**	2,204,641

Consolidated Statement Of Financial Position

As at 31 December 2016

Amounts expressed in thousands of RMB except for share data

	Note	As at 31 December 2016	2015
LIABILITIES			
Non-current liabilities			
Deferred government grants	17	**85,124**	91,238
Deferred income tax liabilities	20	**6,550**	4,638
		91,674	95,876
Current liabilities			
Deferred government grants	17	**6,118**	5,918
Trade payables, other payables and accruals	18	**386,098**	441,739
Income tax liabilities		**16,632**	29,824
Borrowings	19	**104,538**	87,396
		513,386	564,877
Total liabilities		**605,060**	660,753
Total equity and liabilities		**2,892,362**	2,865,394

The notes on pages 63 to 112 are an integral part of these consolidated financial statements.

The financial statements on pages 57 to 112 were approved by the Board on 27 March 2017 and were signed on its behalf.

Director
Bi Hua, Jeff

Director
Liu Jun

Consolidated Income Statement

For the year ended 31 December 2016

Amounts expressed in thousands of RMB except for share data

	Note	Year ended 31 December 2016	2015
Revenue	22	**2,169,159**	2,218,934
Cost of sales	23	**(1,552,331)**	(1,601,413)
Gross profit		**616,828**	617,521
Other income	22	**46,440**	33,154
Other gains/(losses) — net	22	**3,904**	(14,680)
Distribution expenses	23	**(101,538)**	(99,591)
Administrative expenses	23	**(140,638)**	(130,656)
Operating profit		**424,996**	405,748
Finance income	25	**8,405**	13,977
Finance expenses	25	**(2,801)**	(7,272)
Finance income — net		**5,604**	6,705
Profit before income tax		**430,600**	412,453
Taxation	26	**(96,844)**	(95,923)
Profit for the year		**333,756**	316,530
Profit attributable to:			
Equity holders of the Company		**333,756**	316,530
Earnings per share for profit attributable to equity holders of the Company			
— Basic earnings per share (RMB)	27	**0.25**	0.24
— Diluted earnings per share (RMB)	27	**0.25**	0.24

The notes on pages 63 to 112 are an integral part of these consolidated financial statements.

Consolidated Statement Of Comprehensive Income

For the year ended 31 December 2016
Amounts expressed in thousands of RMB except for share data

	Year ended 31 December	
	2016	2015
Profit for the year	**333,756**	316,530
Other comprehensive income:		
Item that may be reclassified to profit or loss		
Currency translation differences	**10,176**	(18,136)
Total comprehensive income for the year	**343,932**	298,394
Attributable to:		
— Equity holders of the Company	**343,932**	298,394
Total comprehensive income for the year	**343,932**	298,394

The notes on pages 63 to 112 are an integral part of these consolidated financial statements.

Consolidated Statement Of Changes In Equity

For the year ended 31 December 2016
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**	**Retained earnings** (Note 15)	**Total**
As at 31 December 2014	11,534	855,033	124,204	175,117	(69,308)	1,047,691	2,144,271
Comprehensive income:							
Profit for the year	–	–	–	–	–	316,530	316,530
Other comprehensive income:							
Currency translation differences	–	–	–	–	(18,136)	–	(18,136)
Transactions with holders:							
Shares repurchased	(64)	(23,572)	–	–	–	–	(23,636)
Employee share options							
— Share options exercised	6	3,991	(1,356)	–	–	–	2,641
Transfer to statutory reserve	–	–	–	32,550	–	(32,550)	–
Dividends	–	–	–	–	–	(217,029)	(217,029)
Total transactions with holders:	(58)	(19,581)	(1,356)	32,550	–	(249,579)	(238,024)
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
Transactions with holders:							
Shares repurchased	(26)	(8,977)	–	–	–	–	(9,003)
Transfer to statutory reserve	–	–	–	27,082	–	(27,082)	–
Dividends	–	(125,752)	–	–	–	(126,516)	(252,268)
Total transactions with holders:	(26)	(134,729)	–	27,082	–	(153,598)	(261,271)
As at 31 December 2016	**11,450**	**700,723**	**122,848**	**234,749**	**(77,268)**	**1,294,800**	**2,287,302**

The notes on pages 63 to 112 are an integral part of these consolidated financial statements.

Consolidated Statement Of Cash Flows

For the year ended 31 December 2016
Amounts expressed in thousands of RMB unless otherwise stated

	Note	Year ended 31 December **2016**	2015
Cash flows from operating activities			
Cash generated from operations	29	**766,180**	466,346
Interest paid		**(1,486)**	(3,580)
Income tax paid		**(106,374)**	(87,629)
Net cash generated from operating activities		**658,320**	375,137
Cash flows from investing activities			
Purchases of property, plant and equipment ("PP&E")		**(114,814)**	(122,479)
Receipt of assets-related government grants		**3,754**	3,684
Proceeds from disposal of PP&E		**836**	945
Proceeds from disposal of land use rights		**1,828**	–
Purchases of land use rights		**(3,333)**	–
Purchases of intangible assets		**(2,591)**	(2,581)
Purchases of available-for-sale financial assets		**(749,181)**	–
Disposal of available-for-sale financial assets		**378,273**	–
Interest received		**8,405**	13,977
Net cash used in investing activities		**(476,823)**	(106,454)
Cash flows from financing activities			
Proceeds from issuance of shares		**–**	2,641
Proceeds from borrowings		**418,196**	1,021,955
Repayments of borrowings		**(401,793)**	(1,270,598)
Payments for shares repurchased		**(9,003)**	(23,636)
Dividends paid to equity holders		**(252,268)**	(217,029)
Net cash used in financing activities		**(244,868)**	(486,667)
Net decrease in cash and cash equivalents		**(63,371)**	(217,984)
Cash and cash equivalents at beginning of year		**267,885**	489,561
Exchange gain/(loss) on cash and cash equivalents		**1,568**	(3,692)
Cash and cash equivalents at end of year		**206,082**	267,885

The notes on pages 63 to 112 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) Amended standards and annual improvements adopted by the Group

The following amendments to standards and annual improvements have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2016 :

- Accounting for acquisitions of interests in joint operations — Amendments to IFRS 11
- Disclosure initiative — amendments to IAS 1
- Clarification of acceptable methods of depreciation and amortisation — Amendments to IAS 16 and IAS 38
- Annual improvements to IFRSs 2012 — 2014 cycle

The adoption of these amendments and annual improvements did not have any significant impact on the consolidated financial statements.

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9, 'Financial instruments'

The new standard 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.

While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, short-term financial investments currently classified as available-for-sale ("AFS") financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income ("FVOCI") and hence there will be no change to the accounting for these assets.

The other financial assets held by the Group include:

- equity instruments currently classified as AFS for which a FVOCI election is available

Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

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

The new 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. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt IFRS 9 before its mandatory date.

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. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management is currently assessing the effects of applying the new standard and does not expect a significant impact of the new rules on the Group's financial statements.

IFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

IFRS 16, 'Leases'

IFRS 16 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 Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB18,320 (Note 31). However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

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

The new standard is mandatory for 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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

2.4 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/(losses) — net'.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Foreign currency translation *(continued)*

(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.

2.6 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/(losses) — net' in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

2.8 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.

2.18 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 income 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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.20 Current and deferred income tax *(continued)*

(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.

(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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

(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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 loans that are denominated in United States Dollars ("US$"), Hong Kong Dollars ("HK$") and EURO ("EUR"). Please refer to Notes 12, 10, 18 and 19 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 2016, 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 RMB31 (2015: RMB3,493) lower/higher, mainly as a result of foreign exchange losses/gains on translation of US$-denominated trade payables and borrowings.

At 31 December 2016, 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 RMB3,336 (2015: RMB768) lower/higher, mainly as a result of foreign exchange losses/gains on translation of EUR-denominated trade payables and borrowings.

(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 2016, approximately RMB177,538 (2015: RMB2,000) of the Group's cash and bank balances were at fixed rates, and approximately RMB181,553 (2015: RMB454,867) of the Group's cash and bank balances was at floating rates.

As at 31 December 2016, approximately RMB105,000 (2015: RMB76,000) of the borrowings of the Group was at floating rates. The interest rates and maturities of the Group's borrowings are disclosed in Note 19.

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 2016, 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 RMB148 (2015: RMB211) higher/lower, mainly as a result of higher/lower interest income on floating interest rate.

At 31 December 2016, 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 RMB93 (2015: RMB63) 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 19). 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 2016		
Borrowings	**105,897**	**105,897**
Trade and other payables	**296,772**	**296,772**
At 31 December 2015		
Borrowings	**88,808**	**88,808**
Trade and other payables	**371,512**	**371,512**

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 2015 is to maintain gearing ratio of less than 50%. The gearing ratio at 31 December 2016 and 2015 were as follows.

	As at 31 December	
	2016	2015
Total debt	**104,538**	87,396
Total equity	**2,287,302**	2,204,641
Gearing ratio	**5%**	4%

The increase in the gearing ratio during 2016 was mainly due to increase in borrowings made by the Group during the year ended 31 December 2016.

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 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).

	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 Group did not have any financial assets of liabilities that were measured at fair value as of December 31, 2015.

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 2015 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 2016 and 2015 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 2016, the Group has derecognised deferred income tax assets amounting to approximately RMB3.8 million on these temporary differences (2015: approximately RMB8.5 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.

(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.

Amounts expressed in thousands of RMB unless otherwise stated

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

4.1 Critical accounting estimates and assumptions *(continued)*

(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
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**
2015			
Sales	1,798,175	420,759	2,218,934
Cost	(1,257,389)	(344,024)	(1,601,413)
Segment results	540,786	76,735	617,521

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	
	2016	2015
Segment results for reportable segments	**616,828**	617,521
Other income	**46,440**	33,154
Other gains/(losses) — net	**3,904**	(14,680)
Distribution expenses	**(101,538)**	(99,591)
Administrative expenses	**(140,638)**	(130,656)
Operating profit	**424,996**	405,748
Finance income	**8,405**	13,977
Finance expense	**(2,801)**	(7,272)
Finance income — net	**5,604**	6,705
Profit before income tax	**430,600**	412,453
Income tax expense	**(96,844)**	(95,923)
Profit for the year	**333,756**	316,530
Depreciation and amortisation charges	**101,486**	95,128

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 RMB1,347,455 (2015: RMB1,315,448).

The following table presents sales generated from packaging materials:

	Year ended 31 December	
	2016	2015
Dairy products	**1,891,911**	2,003,996
Non-carbonated soft drink ("NCSD") products	**277,248**	214,938
	2,169,159	2,218,934

Revenue of approximately RMB1,198,896 or 55% (2015: RMB1,355,192 or 61%) was derived from 2 (2015: 2) single external customers. 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 2014	366,197	1,176,819	46,803	142,985	1,675	1,734,479
Additions	600	2,681	1,793	111,933	–	117,007
Transfer upon completion	99,379	19,894	2,734	(122,007)	–	–
Disposals	–	(2,754)	(1,767)	–	–	(4,521)
Exchange differences	(16,058)	(12,828)	(189)	(1,025)	(60)	(30,160)
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**
Accumulated depreciation						
As at 31 December 2014	(38,356)	(433,901)	(22,156)	–	(365)	(494,778)
Charge for the year	(13,677)	(72,120)	(6,779)	–	(162)	(92,738)
Disposals	–	2,200	1,219	–	–	3,419
Exchange differences	538	1,752	44	–	18	2,352
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)**
Net book value						
As at 31 December 2016	**422,210**	**692,961**	**17,965**	**124,211**	**941**	**1,258,288**
As at 31 December 2015	398,623	681,743	21,702	131,886	1,106	1,235,060

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

	Year ended 31 December	
	2016	2015
Cost of sales	**93,328**	87,949
Distribution expenses	**206**	220
Administrative expenses	**4,548**	4,569
	98,082	92,738

Amounts expressed in thousands of RMB unless otherwise stated

6 PROPERTY, PLANT AND EQUIPMENT *(continued)*

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

As at 31 December 2016, the net book value of property, plant and equipment located in Europe was approximately RMB394,475 (as at 31 December 2015: RMB367,708).

(c) Construction in progress as at 31 December 2016 mainly comprises new production line being constructed in Halle, Germany and Shandong and Inner Mongolia, PRC.

7 LAND USE RIGHTS

	Year ended 31 December	
	2016	2015
Cost		
At beginning of the year	**15,325**	15,325
Additions	**3,333**	–
Disposals	**(1,933)**	–
At end of the year	**16,725**	15,325
Accumulated amortisation		
At beginning of the year	**(1,020)**	(710)
Amortisation	**(360)**	(310)
Disposals	**105**	–
At end of the year	**(1,275)**	(1,020)
Net book value	**15,450**	14,305

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 2014	47,773	16,228	428	64,429
Additions	–	2,581	–	2,581
Exchange differences	–	(183)	–	(183)
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**
Accumulated amortisation				
As at 31 December 2014	–	(7,164)	(124)	(7,288)
Amortisation	–	(2,033)	(47)	(2,080)
Exchange differences	–	60	–	60
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)**
Net book value				
As at 31 December 2016	**47,773**	**9,167**	**210**	**57,150**
As at 31 December 2015	47,773	9,489	257	57,519

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 subsequently, all these entities are included in the PRC operating segment.

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.

Amounts expressed in thousands of RMB unless otherwise stated

8 INTANGIBLE ASSETS *(continued)*

Impairment tests for goodwill *(continued)*

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

	Year ended 31 December	
	2016	2015
Pre-tax discount rate	**13%**	11.6%
Five-year period growth rate	**2.2%–4.8%**	3%
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 RMB1,473,648. A decline in five-year period growth rate by 28.3% to (26.1%)–(23.5%), or a decline in perpetuity growth rate by 37.7% to (34.7%) or a rise in discount rate by 10.5% to 23.5%, all changes taken in isolation, would remove the remaining headroom.

9 INVENTORIES

	As at 31 December	
	2016	2015
Raw materials	**303,973**	448,010
Work in progress	**26,570**	30,759
Finished goods	**114,972**	96,847
	445,515	575,616
Less: Provision for obsolescence		
— Raw materials	**(11,391)**	(8,914)
— Finished goods	**(4,511)**	(314)
	429,613	566,388

The cost of inventories recognised as expense and included in 'cost of sales' amounted to approximately RMB1,543,052 (2015: RMB1,591,015).

There is no reversal of inventory provision in the year of 2016 and 2015.

Amounts expressed in thousands of RMB unless otherwise stated

10 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2016	2015
Trade receivables	**311,482**	350,014
Less: Provision for impairment	**(6,287)**	(3,708)
Trade receivables — net	**305,195**	346,306
Notes receivable	**8,174**	95,498
Value added tax deductible	**21,845**	14,861
Prepayments	**32,082**	43,323
Less: Provision for impairment	**(8,681)**	(8,681)
Prepayments — net	**23,401**	34,642
Other receivables	**11,707**	12,738
	370,322	504,045
Less non-current portion: Trade receivables	**(7,825)**	–
	362,497	504,045

The Group does not hold any collateral as security.

All non-current receivables are due within three years 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	
		2016	2015
Trade receivables	— RMB	**164,250**	266,483
	— EUR	**140,755**	71,384
	— US$	**6,477**	12,147
		311,482	350,014
Notes receivable	— RMB	**8,174**	95,498
Other receivables	— RMB	**6,155**	12,711
	— HK$	**–**	4
	— US$	**5,148**	–
	— EUR	**404**	23
		11,707	12,738

Amounts expressed in thousands of RMB unless otherwise stated

10 TRADE AND OTHER RECEIVABLES *(continued)*

At 31 December 2016 and 2015, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at 31 December	
	2016	2015
Trade receivables, gross		
0–30 days	**157,100**	199,537
31–90 days	**81,083**	62,683
91–365 days	**58,613**	72,863
Over 1 year	**14,686**	14,931
	311,482	350,014

The credit terms granted to customers by the Group were generally 0 to 90 days (2015: 0 to 90 days) during the year. Trade receivables of RMB102,634 (2015: RMB91,004) 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	
	2016	2015
Up to 90 days	**69,701**	56,041
91 to 365 days	**28,228**	31,406
Over 1 year	**4,705**	3,557
	102,634	91,004

Trade receivables of RMB6,287 (2015: RMB3,708) were impaired and provided for. The amount of the provision was RMB6,287 (2015: RMB3,708). 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	
	2016	2015
91 to 365 days	**868**	1,092
Over 1 year	**5,419**	2,616
	6,287	3,708

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	
	2016	2015
At beginning of the year	**(3,708)**	(4,962)
Provision for impairment	**(2,579)**	(2,295)
Written off during the year	**–**	3,549
At end of the year	**(6,287)**	(3,708)

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Year ended 31 December	
	2016	2015
At beginning of the year	**–**	–
Additions	**749,181**	–
Disposals	**(376,371)**	–
At end of the year	**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 1.1% to 3.75% per annum and will mature 92 days or be redeemable on demand. As at 31 December 2016, the carrying amount approximated the fair value. The change of fair value of the wealth management products since the initial recognition is insignificant. 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.

Amounts expressed in thousands of RMB unless otherwise stated

12 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As at 31 December	
	2016	2015
Cash at bank and on hand	**205,945**	267,885
Bank deposits with initiate terms within three months	**137**	–
	206,082	267,885

(b) Restricted cash

At 31 December 2016, RMB153,009 (2015: RMB188,982) 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	
	2016	2015
RMB	**291,261**	399,089
US$	**39,664**	2,776
EUR	**26,831**	54,349
HK$	**1,335**	653
	359,091	456,867

13 SHARE CAPITAL, SHARE PREMIUM AND CAPITAL RESERVE

		As at 31 December	
	Note	**2016**	2015
Share capital	(a)	**11,450**	11,476
Share premium	(a)	**700,723**	835,452
Capital reserve	(b)	**122,848**	122,848
		835,021	969,776

Amounts expressed in thousands of RMB unless otherwise stated

13 SHARE CAPITAL, SHARE PREMIUM AND CAPITAL RESERVE *(continued)*

(a) Share capital and share premium

Share capital

The total authorised number of ordinary shares is 3,000,000,000 (2015: 3,000,000,000) with par value of HK$0.01 per share (2015: HK$ 0.01 per share).

The number of ordinary shares issued as of 31 December 2016 is 1,337,541,000 (2015: 1,340,588,000). All issued shares are fully paid.

The Company acquired and cancelled 3,047,000 of its own shares through purchases on the Stock Exchange during 2016. The total amount paid to acquire the shares was HK$10,746,572 (approximately RMB9,003,478) 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.

(b) Capital reserve

	Year ended 31 December	
	2016	2015
As at 1 January	**122,848**	124,204
Share options exercised	**–**	(1,356)
As at 31 December	**122,848**	122,848

14 STATUTORY RESERVE

	Year ended 31 December	
	2016	2015
As at 1 January	**207,667**	175,117
Transfer from retained earnings	**27,082**	32,550
As at 31 December	**234,749**	207,667

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.

Amounts expressed in thousands of RMB unless otherwise stated

15 RETAINED EARNINGS

	Year ended 31 December	
	2016	2015
As at 1 January	**1,114,642**	1,047,691
Profit for the year	**333,756**	316,530
Transfer to statutory reserve	**(27,082)**	(32,550)
Dividends paid	**(126,516)**	(217,029)
As at 31 December	**1,294,800**	1,114,642

16 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 in 1 June 2016.

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

	Number of options (thousands)	
	2016	2015
At 1 January	**2,445**	3,986
Lapsed	**(2,445)**	(766)
Exercised	**–**	(775)
At 31 December	**–**	2,445

As of 31 December 2016, outstanding options is nil(2015: 2,445,000). The options exercised in 2016 is nil.

Amounts expressed in thousands of RMB unless otherwise stated

16 SHARE-BASED PAYMENTS *(continued)*

Share options outstanding at the end of the year have the following expiry date:

Expiry Date	Vested Date	Number of options (thousands)	
		2016	2015
1 June 2016	1 June 2014	–	2,445
		–	2,445

The total expense recognised in the consolidated income statement for the year ended 31 December 2016 for share options is nil (2015: nil).

17 DEFERRED GOVERNMENT GRANTS

	Year ended 31 December	
	2016	2015
Opening net amount at beginning of the year	**97,156**	105,282
Additions	**3,754**	3,684
Amortisation	**(11,759)**	(8,075)
Exchange adjustments	**2,091**	(3,735)
Closing net amount at end of the year	**91,242**	97,156
At the end of the year		
Cost	**121,184**	119,697
Less: accumulated amortisation	**(32,271)**	(18,301)
Exchange adjustments	**2,329**	(4,240)
Net book amount	**91,242**	97,156

	As at 31 December	
	2016	2015
Current portion of deferred government grant	**6,118**	5,918
Non-current portion of deferred government grant	**85,124**	91,238

The government grants amounting to RMB10,000 and RMB15,000 received by a subsidiary of the Group in 2008 and 2013 were for the construction of the subsidiary's factory in Gaotang Country Liaocheng City Shandong Province.

The government grants amounting to EUR8,681 (approximately RMB61,549), EUR1,779 (approximately RMB12,649), EUR1,278 (approximately RMB9,049), EUR46 (approximately RMB328), and EUR364 (approximately RMB2,659) were received by a subsidiary of the Group from the State of Saxony-Anhalt, Germany in 2012, 2013, 2014, 2015 and 2016 for the purchase of machinery and construction of building in Europe.

The government grant amounting to RMB1,095 received by a subsidiary of the Group in 2016 were for the scientific research of new type diary packaging.

Amounts expressed in thousands of RMB unless otherwise stated

18 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2016	2015
Trade payables	**169,248**	306,742
Notes payables	**116,024**	25,982
Advances from customers	**15,875**	8,863
Accrued expenses	**47,477**	53,699
Salary and welfare payable	**21,399**	18,990
Other payables	**11,500**	19,798
Tax payable	**4,575**	7,665
	386,098	441,739

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

	As at 31 December	
	2016	2015
Within 30 days	**141,843**	302,414
31-90 days	**23,788**	1,869
91-365 days	**870**	1,419
Over 365 days	**2,747**	1,040
	169,248	306,742

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	
		2016	2015
Trade payables	— RMB	**52,425**	57,264
	— US$	**49,535**	174,075
	— EUR	**67,288**	75,403
		169,248	306,742
Salary and welfare payable	— RMB	**19,799**	18,735
	— EUR	**1,600**	255
		21,399	18,990
Other payables	— RMB	**10,565**	9,785
	— HK$	**66**	79
	— EUR	**869**	9,934
		11,500	19,798

Amounts expressed in thousands of RMB unless otherwise stated

19 BORROWINGS

		As at 31 December	
		2016	2015
Current			
Unsecured bank borrowing	— US$	–	11,786
Secured bank borrowing	— EUR	**104,538**	75,610
Total borrowings		**104,538**	87,396

The secured bank borrowings of RMB104,538 nominated in EUR are secured by bank deposits of the Group of RMB45,000 (2015: RMB70,000) (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	
	2016	2015
Within 1 year	**104,538**	87,396

As of 31 December 2016, the Group has 5 borrowing facilities (31 December 2015: 4) with a total limit of US$125,000,000 and EUR15,000,000 (31 December 2015: US$130,000,000 and EUR15,000,000). The amounts of the unutilised borrowing facilities are as follows:

	As at 31 December	
	2016	2015
Floating rate:		
— Expiring within 1 year	**872,189**	863,200

Amounts expressed in thousands of RMB unless otherwise stated

20 DEFERRED INCOME TAXES

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

	As at 31 December	
	2016	2015
Deferred income tax assets		
— Deferred income tax asset to be recovered after more than 12 months	**9,771**	10,971
— Deferred income tax asset to be recovered within 12 months	**11,125**	11,675
	20,896	22,646
Deferred income tax liabilities		
— Deferred income tax liability to be recovered within 12 months	**(6,550)**	(4,638)
Deferred income tax assets (net)	**14,346**	18,008

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

	As at 31 December	
	2016	2015
At beginning of the year	**18,008**	26,506
Recognised in the income statement (Note 26)	**(3,662)**	(8,498)
At end of the year	**14,346**	18,008

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 2015	17,004	6,480	9,422	32,906
Recognised in the income statement	(5,688)	(57)	(4,515)	(10,260)
At 31 December 2015	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**

Amounts expressed in thousands of RMB unless otherwise stated

20 DEFERRED INCOME TAXES *(continued)*

Deferred income tax liabilities	Unremitted earnings (Note 20(b))
At 31 December 2014	6,400
Recognised in the income statement	(1,762)
At 31 December 2015	4,638
Recognised in the income statement	1,912
At 31 December 2016	**6,550**

(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 RMB92,071 (2015: RMB130,676). As of 31 December 2016 and 2015, the expiry dates of the unrecognised tax losses can be carried forward against future taxable income are analysed as below:

Expiring in year ending:	2016	2015
2016	–	3,464
2017	**5,465**	5,465
2018	**6,875**	6,875
2019	**10,575**	10,575
2020	**13,194**	59,531
2021	**53,374**	41,996
Losses without expiry date	**2,588**	2,770
	92,071	130,676

(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 RMB131,000 (2015: RMB92,758) may be distributed to their foreign parent company in the foreseeable future and the related deferred income tax liabilities of approximately RMB6,550 (2015: RMB4,638) have been recognised accordingly.

Amounts expressed in thousands of RMB unless otherwise stated

21 LONG-TERM PREPAYMENTS

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

22 REVENUE, OTHER INCOME AND OTHER GAINS/(LOSSES) — NET

	Year ended 31 December	
	2016	2015
Sales of products	**2,169,159**	2,218,934
Other income:		
— Income from sales of materials	**16,765**	13,160
— Subsidy income from government	**27,773**	19,994
— Income on available-for-sale financial assets	**1,902**	–
	46,440	33,154
Other gains/(losses) — net		
— Gain/(loss) on disposal of assets	**116**	(157)
— Foreign exchange loss	**(739)**	(18,451)
— Others	**4,527**	3,928
	3,904	(14,680)

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

Amounts expressed in thousands of RMB unless otherwise stated

23 EXPENSES BY NATURE

	Year ended 31 December	
	2016	2015
Raw materials and consumables used	**1,260,462**	1,336,494
Changes in inventories of finished goods and work in progress	**11,252**	(3,274)
Tax and levies on main operations	**9,279**	10,398
Provision/(write-back) for obsolescence on inventories	**6,674**	(97)
Depreciation and amortisation charges:	**101,486**	95,128
— *Depreciation of PP&E*	**98,082**	92,738
— *Amortisation of intangible assets*	**3,044**	2,080
— *Amortisation of land use rights*	**360**	310
Provision for impairment of receivables and prepayment	**2,579**	10,728
Employee benefit expenses	**190,824**	178,414
Auditors' remuneration		
— Audit services	**2,276**	2,178
— Non-audit services	**247**	180
Transportation expenses	**49,955**	47,916
Repair and maintenance expenses	**23,692**	24,542
Electricity and utilities	**33,369**	31,453
Rental expenses	**7,581**	7,585
Plating expenses	**10,079**	11,566
Professional fees	**5,885**	8,876
Travelling expenses	**12,276**	12,555
Advertising and promotional expenses	**16,414**	17,358
Other expenses	**50,177**	39,660
Total cost of sales, distribution expenses and administrative expenses	**1,794,507**	1,831,660

24 EMPLOYEE BENEFITS

The analysis of employee benefits is as follows:

	Year ended 31 December	
	2016	2015
Wages and salaries (including discretionary bonuses)	**157,436**	142,210
Employer's contributions to pension scheme and others	**33,388**	36,204
	190,824	178,414

Amounts expressed in thousands of RMB unless otherwise stated

24 EMPLOYEE BENEFITS *(continued)*

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 2 directors (2015: 2), whose emoluments were reflected in the analysis presented in Note 35. The emoluments payable to the remaining three individuals during the year are as follows:

	Year ended 31 December	
	2016	2015
Salaries and other short-term employees benefits	**3,955**	4,100
Social security cost	**105**	109
	4,060	4,209

The emoluments fell within the following bands:

	Year ended 31 December	
	2016	2015
Emolument bands		
HK$1,000,001 — HK$1,500,000	**2**	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	**–**	1
	3	3

(b) Senior management remuneration by band (excluded 2 directors (2015: 2), whose emoluments were reflected in the analysis presented in Note 35)

The number of individuals emoluments fell within the following bands:

	Year ended 31 December	
	2016	2015
Emolument bands		
HK$0 — HK$500,000	**–**	–
HK$500,001 — HK$1,000,000	**1**	1
HK$1,000,001 — HK$1,500,000	**4**	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	**–**	1
	6	6

Amounts expressed in thousands of RMB unless otherwise stated

25 FINANCE INCOME AND FINANCE EXPENSES

	Year ended 31 December	
	2016	2015
Interest income	**8,405**	13,977
Finance income	**8,405**	13,977
Interest expense — bank borrowings	**(1,486)**	(3,580)
Exchange loss	**(1,315)**	(3,692)
Finance expenses	**(2,801)**	(7,272)

26 INCOME TAX EXPENSE

	Year ended 31 December	
	2016	2015
Current income tax:		
Enterprise income tax	**93,182**	87,425
Deferred income tax:		
Origination and reversal of temporary differences	**3,662**	8,498
Taxation	**96,844**	95,923

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% (2015: 25%) on the taxable income for the year. Hong Kong profits tax has been provided at rate of 16.5% for the current year (2015: 16.5%). Greatview Aseptic Packaging Manufacturing GmbH and Greatview Aseptic Packaging Service GmbH are subject to the Germany statutory income tax rate of 15%, with solidarity tax contribution of 5.5%. Greatview 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 applicable 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 2016.

Amounts expressed in thousands of RMB unless otherwise stated

26 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	
	2016	2015
Profit before tax	**430,600**	412,453
Tax calculated at domestic tax rates applicable to profits in the respective countries	**98,920**	103,113
Withholding tax on dividends	**12,132**	15,000
Preferential tax treatment for a subsidiary	**(11,260)**	(18,157)
Income not subject to tax	**(13)**	(91)
Expenses not deductible for taxation purposes	**412**	687
Tax losses for which no deferred income tax asset was recognised	**2,975**	3,279
Utilisation of previously unrecognised tax losses for which no deferred income tax was recognised	**(5,746)**	(6,140)
Others	**(576)**	(1,768)
Income tax expenses	**96,844**	95,923

27 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	
	2016	2015
Profit attributable to equity holders of the Company	**333,756**	316,530
Weighted average number of ordinary shares in issue (thousands)	**1,337,668**	1,346,459
Basic earnings per share (RMB per share)	**0.25**	0.24

(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. The Company had one category of dilutive potential ordinary shares before 1 June 2016: share options. For share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The share options that may have a dilutive impact on basic earnings per share in the future have not been included in the calculation of diluted earnings per share because they did not have a dilutive effect in 2015. The outstanding share options have not been included in the calculation of diluted earnings per share because they had lapsed in 1 June 2016.

Amounts expressed in thousands of RMB unless otherwise stated

27 EARNINGS PER SHARE *(continued)*

	Year ended 31 December	
	2016	2015
Profit attributable to equity holders of the Company	**333,756**	316,530
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**1,337,668**	1,346,459
Diluted earnings per share (RMB per share)	**0.25**	0.24

28 DIVIDENDS

The dividends paid in 2016 and 2015 were HK$294,259,020 (HK$0.11 per share, approximately RMB252,268 in total) and HK$269,456,000 (HK$0.10 per share, approximately RMB217,029 in total) respectively. A dividend in respect of the year ended 31 December 2016 of HK$0.12 per share, amounting to a total dividend of HK$160,442,280 (approximately RMB143,516 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	
	2016	2015
Dividends proposed and paid during the year	**126,516**	110,690
Proposed final dividend of HK$0.12 (2015: HK$0.11) per ordinary share	**143,516**	123,265
	270,032	233,955

Amounts expressed in thousands of RMB unless otherwise stated

29 CASH GENERATED FROM OPERATIONS

	Year end 31 December	
	2016	2015
Profit before income tax	**430,600**	412,453
Adjustments for:		
— Amortisation of intangible assets	**3,044**	2,080
— Amortisation of land use rights	**360**	310
— Amortisation of deferred revenue	**(11,759)**	(8,075)
— Depreciation of property, plant and equipment	**98,082**	92,738
— Impairment provision/(write-back) for trade and other receivables	**2,579**	(1,254)
— Impairment provision/(write-back) for obsolescence on inventories	**6,674**	(97)
— (Gain)/loss on disposal of property, plant and equipment	**(116)**	157
— Gain on disposal of available-for-sale financial assets	**(1,902)**	–
— Finance income — net	**(5,604)**	(6,705)
— Foreign exchange (gains)/losses on operating activities	**(2,144)**	18,451
Changes in working capital:		
— Inventories	**130,101**	(71,405)
— Trade receivables, other receivables, prepayments and restricted cash	**170,099**	1,980
— Trade payables, other payables and accruals	**(53,834)**	25,713
Cash generated from operations	**766,180**	466,346

Non-cash transaction

In 2015 and 2016, there was no significant non-cash transaction.

Amounts expressed in thousands of RMB unless otherwise stated

30 SUBSIDIARIES

Particulars of the subsidiaries of the Group as at 31 December 2016 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%

Significant restrictions

Cash and short-term deposits of RMB305,010 (2015: RMB407,724) 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.

Amounts expressed in thousands of RMB unless otherwise stated

31 COMMITMENTS

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

	As at 31 December	
	2016	2015
Contracted but not provided for		
— Property, plant and equipment	**54,807**	24,958

(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	
	2016	2015
No later than 1 year	**10,163**	6,299
Later than 1 year and no later than 5 years	**7,763**	7,780
Later than 5 years	**394**	1,038
	18,320	15,117

32 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	
	2016	2015
Salaries and other short-term employees benefits	**11,029**	11,221
Social security cost	**309**	306
	11,338	11,527

33 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 2016, 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 2016, the appeal was under process at EPO. 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

34 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	Note	As at 31 December 2016	2015
ASSETS			
Non-current assets			
Investment in a subsidiary		**221,801**	221,801
Amount due from a subsidiary		**700,700**	700,700
		922,501	922,501
Current assets			
Amount due from a subsidiary		**57,528**	60,881
Cash and cash equivalents		**10**	21
Prepayments		**564**	9,531
		58,102	70,433
Total assets		**980,603**	992,934
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**11,450**	11,476
Other reserves and retained earnings	Note (a)	**968,393**	979,751
Total equity		**979,843**	991,227
LIABILITIES			
Current liabilities			
Trade payables, other payables and accruals		**760**	1,707
Total liabilities		**760**	1,707
Total equity and liabilities		**980,603**	992,934

The balance sheet of the Company was approved by the Board of Directors on 27 March 2017 and was signed on its behalf

Director
Bi Hua, Jeff

Director
Liu Jun

Amounts expressed in thousands of RMB unless otherwise stated

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

(a) Reserve movement of the Company

	2016	2015
As at 1 January	**979,751**	957,588
Profit for the year	**249,887**	260,129
Dividends	**(252,268)**	(217,029)
Shares repurchased	**(8,977)**	(23,572)
Employee share options		
— Share options exercised	**–**	2,635
As at 31 December	**968,393**	979,751

35 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 2015:						
Executive directors						
Mr. Bi Hua, Jeff	161	2,538	535	296	44	3,574
Mr. Liu Jun	161	1,093	240	72	44	1,610
Non-executive directors						
Mr. Hong Gang	–	–	–	–	–	–
Mr. Zhu Jia	–	–	–	–	–	–
Mr. Lee Lap, Danny (resigned on 27 March 2015)	–	–	–	–	–	–
Independent non-executive directors						
Mr. Lueth Allen Warren	161	–	–	–	–	161
Mr. Behrens Ernst Hermann	161	–	–	–	–	161
Mr. Chen Weishu (resigned on 29 May 2015)	72	–	–	–	–	72
Mr. Dang Xinhua (appointed on 29 May 2015)	85	–	–	–	–	85
	801	3,631	775	368	88	5,663

Amounts expressed in thousands of RMB unless otherwise stated

35 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 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**

(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 (2015: 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 (2015: 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 (2015: Nil).

35 DIRECTORS' EMOLUMENTS *(continued)*

(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 (2015: 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 (2015: Nil).