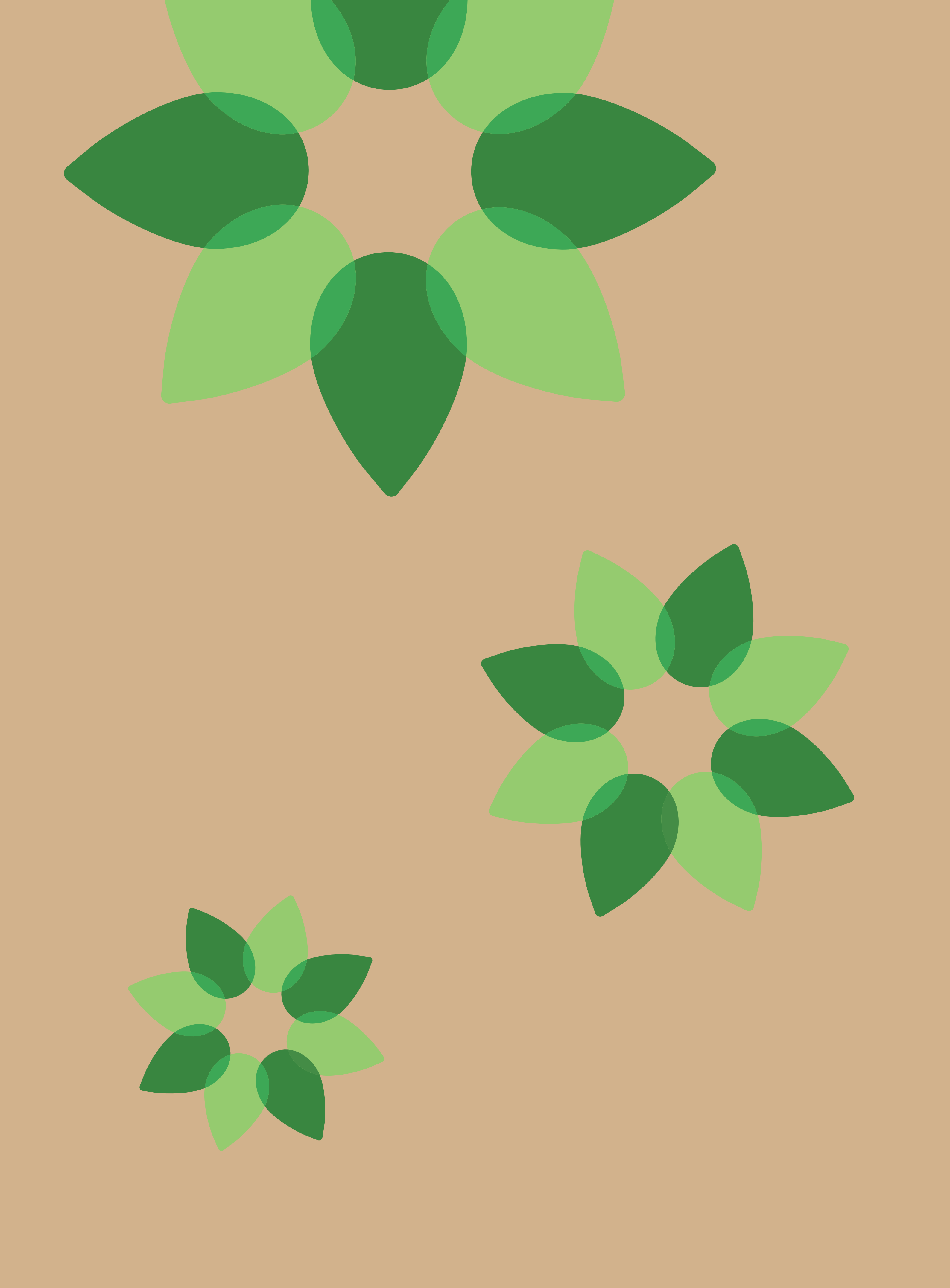
Greatview Aseptic Packaging Company Limited

Annual Report 2014

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

GREATVIEW



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. BI Hua, Jeff *(Chief Executive Officer)*
Mr. LIU Jun *(Chief Operating Officer)* (Appointed on 29 August 2014)

Non-Executive Directors

Mr. HONG Gang *(Chairman)* (Re-designated on 29 August 2014)
Mr. HILDEBRANDT James Henry (Resigned on 27 March 2014)
Mr. ZHU Jia
Mr. LEE Lap, Danny (Resigned on 27 March 2015)
Ms. SHANG Xiaojun (Resigned on 27 March 2014)

Independent Non-Executive Directors

Mr. LUETH Allen Warren
Mr. BEHRENS Ernst Hermann
Mr. CHEN Weishu

JOINT COMPANY SECRETARIES

Mr. CHANG Fuquan
Ms. MOK Ming Wai

AUTHORISED REPRESENTATIVES

Mr. ZHU Jia
Ms. MOK Ming Wai

AUDIT COMMITTEE

Mr. LUETH Allen Warren *(Chairman)*
Mr. BEHRENS Ernst Hermann
Mr. CHEN Weishu

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Mr. HONG Gang *(Chairman)*
Mr. BEHRENS Ernst Hermann
Mr. CHEN Weishu

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

HEADQUARTERS 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

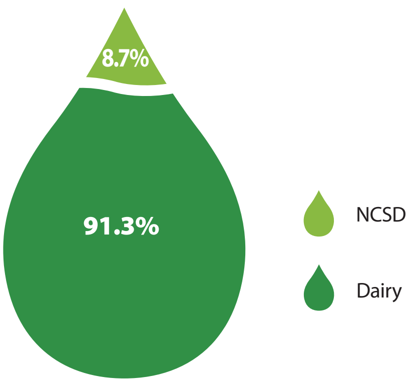
www.greatviewpack.com

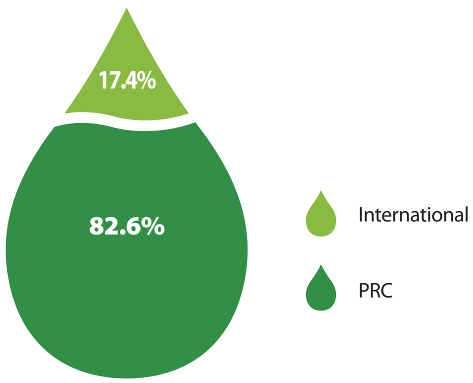
Antitrust Website ChoiceCreatesValue.Com Goes Online

FINANCIAL SUMMARY

	Year ended 31 December		
	2014	2013	Percentage
	RMB million	RMB million	%
Revenue	**2,231.5**	2,159.5	3.3%
Gross profit	**545.3**	579.2	(5.9%)
Net profit	**279.7**	317.3	(11.8%)
Profit attributable to shareholders	**279.7**	317.3	(11.8%)
Earnings per share — basic and diluted (RMB)	**0.21**	0.24	(12.5%)
Proposed dividend per share (HKD)	**0.1**	0.1	

REVENUE ANALYSIS





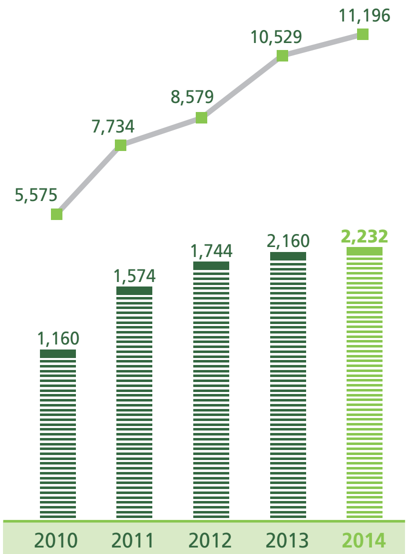
>70%

Sourcing the industry's highest rate of sustainable certified paperboard

SEN Environment Winner 2014

FIVE YEARS FINANCIAL SUMMARY

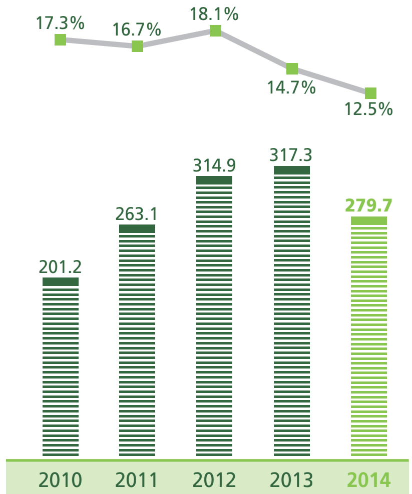
REVENUE TREND



Volume (in million packs)

Revenue
(in RMB million)

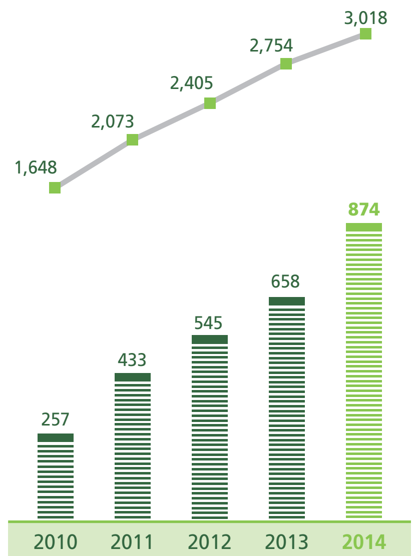
PROFIT TREND



% of Revenue

Net Profit
(in RMB million)

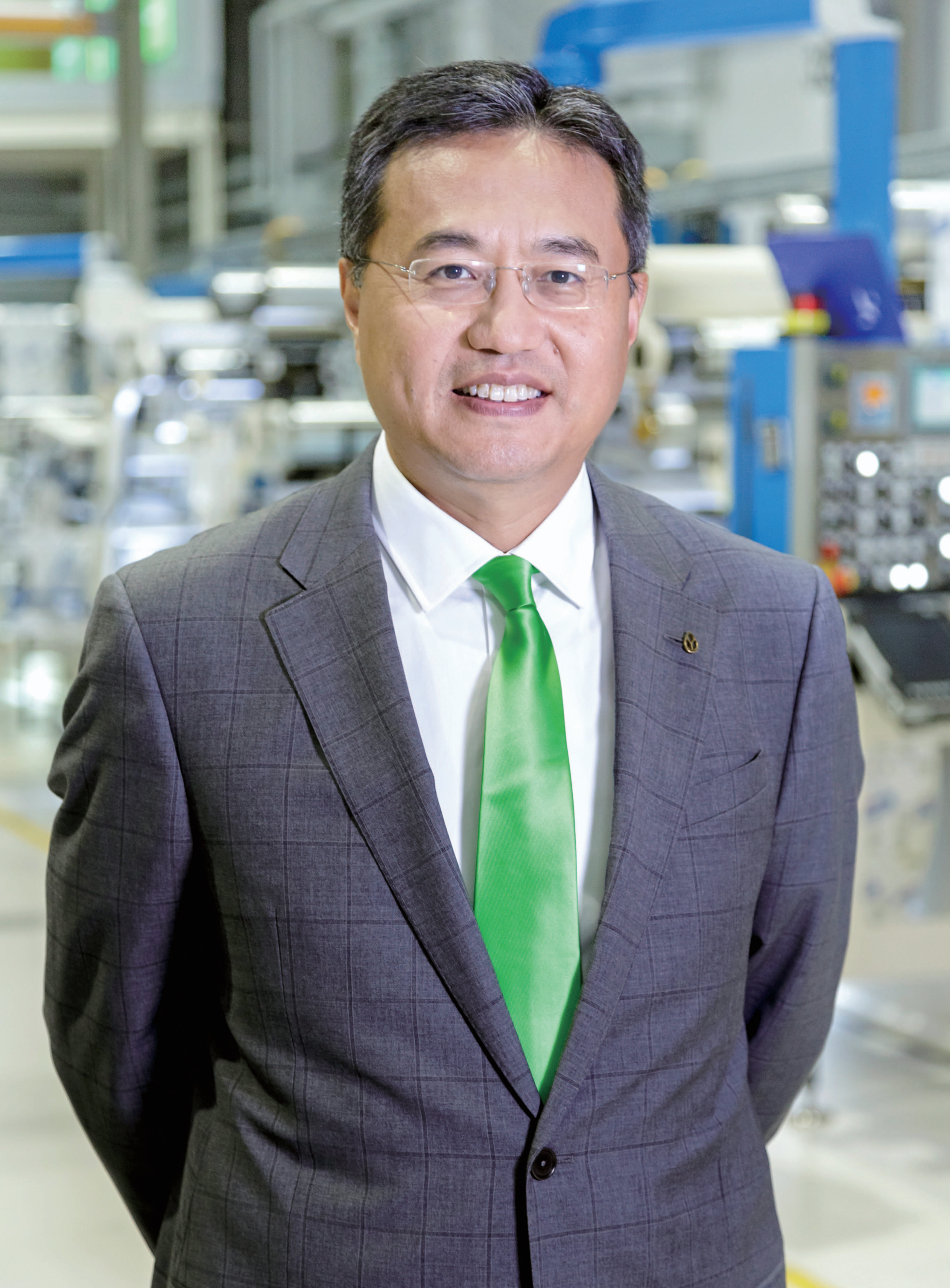
ASSET AND LIABILITY TRENDS



Total Assets
(in RMB million)

Total Liabilities
(in RMB million)

	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000
Assets					
Non-current assets	**1,345,667**	1,349,541	1,211,735	985,311	569,655
Current assets	**1,672,141**	1,404,770	1,193,531	1,088,153	1,078,504
Total assets	**3,017,808**	2,754,311	2,405,266	2,073,464	1,648,159
Liabilities					
Non-current liabilities	**111,682**	110,615	85,089	46,230	68,374
Current liabilities	**761,855**	546,914	460,333	386,955	188,344
Total liabilities	**873,537**	657,529	545,422	433,185	256,718
Total equity	**2,144,271**	2,096,782	1,859,844	1,640,279	1,391,441



CEO'S STATEMENT

Retaining power for another development

Rome was not built in a day. Only our persistence will ensure our success.

In 2014, the worldwide dairy market continued to experience slower growth, largely bolstered by the consumption in the developing countries. However, the growth of the liquid milk production volume on the Chinese market, which had been the key driver to the growth of the global dairy market, decelerated temporarily, which brought significant challenges to the packaging business in China, a core market of Greatview.

In spite of such market environment, leveraged on its prompt commercial decision and timely adjustment to operating plan, Greatview strived to achieve a growth rate exceeding the industry average. It sustained upward trends in both sales turnover and market share, while maintained a sales volume of over 10 billion packs. In particular, Greatview's international business maintained its growth momentum, expanding in terms of customers, regions and product types. From this performance, we believe the Greatview's team is responsive enough to adapt to more complicated market fluctuations. Our persistence of adopting strategies as a giant player and being flexible and responsive as a small business resulted in positive effects.

In 2014, in anticipation of evolving market demand in different regions, Greatview released new products, our metallized board carton. Greatview invested heavily on customer service and new services, looking for new ways to optimise customer experience and overall satisfaction. In 2015 we are introducing all-new aseptic brick sleeve product range to the market. Greatview will continue to adhere to develop and manufacture filling machines which the Group owns the intellectual property rights. With respect to corporate management, our corporate governance is expected to further enhance along with the implementation of first phase of enterprise resources planning system.

Whatever the short-term market fluctuations may bring, Greatview remains optimistic about the outlook of the worldwide dairy and beverage industry. Looking forward from 2015, it is expected that the food industry in all nations will undergo further and wider resources integration, and both the production volume and trade volume of liquid food will further increase. Greatview will focus on developing sustainable liquid food packaging business while reinforcing its capabilities and strengths to provide global customers with stable, sustainable and more comprehensive service.

I wish you all a Happy Year of Goat.

Jeff Bi
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) is the second largest roll-fed supplier of aseptic packaging globally and the leading alternative supplier in the People's Republic of China (the "PRC"), producing and selling a broad variety of aseptic packs. These aseptic packs include GA Brick, our carton form packaging and GA Pilo, our soft pouch form packaging. We supply customised, high-quality and competitively priced aseptic packs that are fully compatible with standard roll-fed filling machines and enabled us to secure some of the leading dairy and non-carbonated soft drink ("NCSD") producers in the PRC as well as a number of international producers as our clients.

In 2014, Greatview continued to enjoy growth in overall revenue and sales volume. In the PRC, the growth of the China liquid milk production volume experienced temporary deceleration, which had intensified the competition in aseptic packaging market, but we still retained growth in sales volume. Elsewhere, our international business continued to enjoy steady growth.

In April 2014, the third production line of our Gaotang factory commenced commercial production, helping us to meet growing market demand. Furthermore, in our Helingeer factory, the main production line for producing GA Sleeve Brick, SIG Combibloc compatible product, was assembled at the end of 2014, which we expect to broaden our product portfolio in the market.

In order to improve quality and efficiency of management and operation of our Group, an enterprise resource planning system was implemented during the first half of 2014. We are optimising and standardising the business process in stages to suit our demand.

Products

We sold a total of 11.2 billion packs during the year ended 31 December 2014 which represents an increase of 6.3% compared with 2013. GA Brick aseptic 250ml Base remained the top selling product, followed by GA Brick aseptic 250ml Slim as our Group's second most popular selling product.

In 2014, in order to cater for the demand of premium and portion size products, Greatview introduced aseptic metallized board carton in the PRC market. GA Sleeve Brick, the new pack type, is under trial production, which will offer more choices to customers and help diversify our product portfolio.

Production Capacity and Utilisation

The Group had a total annual production capacity of 21.4 billion packs as at 31 December 2014. Our Group produced approximately 11.2 billion packs during the year ended 31 December 2014. The utilisation rate was 55%.

Suppliers and Raw Materials

During the year ended 31 December 2014, the cost of raw materials increased due to the growth in production volume and the higher materials prices.

We are continuously expanding our supplier base to manage and control the price of raw materials. In 2014, we had made significant progress and developed more liquid packaging board producers as our suppliers. In our European plant, we were continuously improving the production efficiency and reducing wastage in 2014.

Sales and Marketing

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

In 2014, Greatview attended two Food & Drinks Fairs in Chengdu, where we exhibited all-new ABM 125N filling machine and recent product additions, the 125ml aseptic brick and metallized board carton. The ABM 125N filling machine and 125ml aseptic brick carton enriched product offering and received a positive reaction from the market.

Greatview Gaotang Factory

Management Discussion and Analysis

FINANCIAL REVIEW

Overview

For the year ended 31 December 2014, despite the growth deceleration of the PRC liquid milk production volume, our Company retained growth in sales volume and revenue and controlled well on production cost and expenses. Although net profit decreased primarily due to lower average selling price and higher average cost resulted from higher material prices and amortization of property, plant and equipment ("PP&E"), we still attained free cash flow to propose for dividend for the year ended 31 December 2014. Our management will continue to capture growth in the aseptic packaging industry as well as explore potential business development opportunities to further enhance return to shareholders of the Company (the "Shareholders").

Revenue

We primarily derived revenue from domestic and international sales of aseptic packaging and related services to dairy and NCSD producers. Revenue of our Group increased by 3.3% to RMB2,231.5 million for the year under review from RMB2,159.5 million for the year ended 31 December 2013. The increase was primarily driven by growth in international sales.

With respect to the domestic segment, our revenue decreased by RMB15.0 million, or 0.8%, to RMB1,844.0 million for the year ended 31 December 2014 from RMB1,859.0 million for the year ended 31 December 2013. Despite sales orders increased from existing dairy customers and new NCSD customers, average selling price declined.

With respect to the international segment, our revenue increased by RMB87.0 million, or 29%, to RMB387.5 million for the year ended 31 December 2014 from RMB300.5 million for the year ended 31 December 2013. It was mainly contributed by the support of production capacity of our European plant and the increase in sales orders from existing customers and the new customers in new market regions.

Our revenue from dairy customers increased by RMB12.6 million, or 0.6%, to RMB2,037.6 million for the year ended 31 December 2014 from RMB2,024.9 million for the year ended 31 December 2013, and our revenue from NCSD customers increased by RMB59.4 million, or 44.1%, to RMB194.0 million for the year ended 31 December 2014 from RMB134.6 million for the year ended 31 December 2013 which was primarily as a result of increased sales volume of international business after the construction of production base in Europe.

Cost of Sales

Our cost of sales increased by RMB105.9 million, or 6.7%, to RMB1,686.2 million for the year ended 31 December 2014 from RMB1,580.3 million for the year ended 31 December 2013 which was mainly due to the increase in sales volume and higher material prices and amortization of PP&E.

Gross Profit and Gross Margin

As a result of the foregoing factors, our gross profit decreased by RMB33.9 million, or 5.9%, to RMB545.3 million for the year under review from RMB579.2 million for the year ended 31 December 2013. Our gross margin decreased by 2.4 percentage points to 24.4% for the year ended 31 December 2014 from 26.8% for the year ended 31 December 2013, primarily due to lower average selling price and higher average cost.

ERP Launch Party

Other Income

Our other income decreased by RMB9.6 million, or 20%, to RMB37.8 million for the year ended 31 December 2014 from RMB47.4 million for the year ended 31 December 2013, primarily due to the decrease in government subsidy.

Distribution Expenses

Our distribution expenses decreased by RMB6.0 million, or 5.7%, to RMB99.2 million for the year ended 31 December 2014 from RMB105.2 million for the year ended 31 December 2013, primarily due to the decrease of transportation expense. The percentage of distribution expenses over total revenue was 4.4% for the year ended 31 December 2014, which represents a 0.5 percentage point decrease compared with last year.

Administrative Expenses

Our administrative expenses increased by RMB0.7 million, or 0.6%, to RMB114.3 million for the year ended 31 December 2014 from RMB113.6 million for the year ended 31 December 2013. The percentage of administrative expenses over total revenue was 5.1% for the year ended 31 December 2014, which represents a 0.2 percentage point decrease compared with last year.

Taxation

Our tax expenses decreased by RMB10.5 million to RMB89.0 million for the year ended 31 December 2014 from RMB99.5 million for the year ended 31 December 2013. Effective tax rate increased by 0.2 percentage point to 24.1% for the year ended 31 December 2014 from 23.9% for the previous financial year.

Profit for the Year and Net Profit Margin

Our net profit decreased by RMB37.6 million, or 11.8%, to RMB279.7 million for the year ended 31 December 2014 from RMB317.3 million for the year ended 31 December 2013. Our net profit margin decreased by 2.2 percentage points to 12.5% for the year ended 31 December 2014 from 14.7% for the year ended 31 December 2013 primarily due to decrease in gross margin and loss in foreign exchange.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, we had RMB489.6 million (31 December 2013: RMB294.6 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.

Analysis of Turnover of Inventories, Trade Receivables and Payables

Our Group's inventories primarily consist of raw materials. Turnover days for inventory (inventories/cost of sales) was 100.8 days as at 31 December 2014 as compared to 105.3 days as at 31 December 2013. Turnover days for trade receivables (trade receivables/revenue) decreased from 60.5 days as at 31 December 2013 to 57 days as at 31 December 2014. Turnover days for trade payables (trade payables/cost of sales) increased from 40.5 days as at 31 December 2013 to 44.8 days as at 31 December 2014.

Borrowings and Finance Cost

Total borrowings of our Group as at 31 December 2014 were RMB336.0 million (31 December 2013: RMB177.1 million) and were denominated in United States Dollars and Hong Kong Dollars. For the year under review, net finance income of our Group were approximately RMB4.3 million (31 December 2013: net finance loss RMB0.1 million).

Gearing Ratio

As at 31 December 2014, the gearing ratio (calculated by dividing total loans and bank borrowings by total equity) of our Group was 0.16 (31 December 2013: 0.08). Such increase was mainly contributed by the increase in short-term loan.

Working Capital

Our working capital (calculated by the difference between the current assets and current liabilities) as at 31 December 2014 was RMB910.3 million (31 December 2013: RMB857.9 million).

Foreign Exchange Exposure

Our Group's sales were primarily denominated in RMB. During the year under review, our Group recorded exchange loss of RMB9.6 million (31 December 2013: RMB9.0 million gain).

Capital Expenditure

As at 31 December 2014, our Group's total capital expenditure amounted to approximately RMB167.0 million (31 December 2013: RMB209.4 million), which was mainly used for building up new factory and purchasing production machines and equipment for the Group.

Charge on Assets

As at 31 December 2014, our Group neither pledged any property, plant and equipment (2013: nil) nor land use right (2013: 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 Düsseldorf 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 Düsseldorf Higher Regional Court against the Judgment. As at 31 December 2014, 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 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 2014, 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 defence against Tetra Pak's appeal. Further disclosure will be made as and when appropriate.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2014, our Group employed approximately 1,234 employees (31 December 2013: 1,250 employees). Our Group offered competitive salary package, as well as discretionary bonuses, cash subsidies and contribution to social insurance to its 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 its employees managed by its human resources department.

Donation to children in rural mountainous regions

Management Discussion and Analysis

CORPORATE SOCIAL RESPONSIBILITY

In 2014, Greatview's social activity focused on promoting responsible paper sourcing. In May 2014, Jeff Bi our Chief Executive Officer, delivered a keynote speech on Greatview's role in "Leading Paper Sustainability in China" at PwC's 27th Annual Global Forest & Paper Industry Conference in Vancouver. In November 2014, Jeff Bi won the 2014 SEN Environment Award in steering the aseptic packaging industry towards responsible paper sourcing.

In the PRC, Greatview collaborated with Mengniu in charitable donations to child victims of the Yunnan Ludian earthquake.

PROSPECTS

Greatview primarily focuses its growth strategy on the PRC and international markets. Greatview intends to support its future growth through:

- expanding our PRC market share through increasing sales to customers and broadening customer mix;

- improving the performance of the international business team;

- improving after-sales services to customers;

- broadening product portfolio, for example SIG Combibloc-compatible blank-filled packaging material and other product types; and

- strategically increasing investment of resources to upgrade the filling equipment productivity and quality.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. BI Hua, Jeff (畢樺)

Mr. BI Hua, Jeff (畢樺), aged 51, 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 organisational 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 18 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.

Mr. LIU Jun (劉鈞)

Mr. LIU Jun (劉鈞), aged 53, 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 23 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 vapour deposition (CVD), physical vapour 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.

Non-executive Directors

Mr. HONG Gang (洪鋼)

Mr. HONG Gang (洪鋼), aged 56, 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. With effective from 29 August 2014, Mr. Hong has resigned from directorship of our subsidiaries, namely Partner One, Greatview Holdings, Shandong Greatview Aseptic, Greatview Beijing Packaging Equipment Co. Ltd., Inner Mongolia Greatview Aseptic, Beijing Greatview, and Greatview Aseptic Packaging Europe GmbH (formerly known as Tralin Pak Europe GmbH and GA Pack Europe GmbH). Mr. Hong has more than 26 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.

Board of Directors and Senior Management

Mr. ZHU Jia (竺稼)

Mr. ZHU Jia (竺稼), aged 52, 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), all 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 46, was appointed as an independent non-executive Director on 15 November 2010. Mr. Lueth is primarily responsible for scrutinising and monitoring the performance of the Group. Mr. Lueth is currently an independent director of CNinsure Inc. (CISG NASDAQ), one of the largest independent insurance agencies in the PRC. Mr. Lueth is also vice president of finance of Cardinal Health China (formerly owned by Zuellig Pharma), a company focused on pharmaceutical distribution. He has worked for the company since 2005, previously in the position of chief financial officer. Previously Mr. Lueth worked for GE Capital from 1998 to 2004 in a variety of roles, including chief financial officer and chief executive officer for the Taiwan operations, and representative for China. Earlier, he served with Coopers & Lybrand as an auditor. Mr. Lueth received his Bachelor of Science in business degree from the University of Minnesota and an MBA degree from the Kellogg School of Management at Northwestern University. Mr. Lueth obtained his certificate as a certified public accountant in 1991 and certified management accountant in 1994. Save as disclosed above, he did not hold any directorship in other listed public companies in the last three years.

Mr. BEHRENS Ernst Hermann

Mr. BEHRENS Ernst Hermann, aged 67, was appointed as an independent non-executive Director on 15 November 2010. Mr. Behrens is primarily responsible for scrutinising 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 honoured 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. He did not hold any directorship in other listed public companies in the last three years.

Mr. CHEN Weishu (陳偉恕)

Mr. CHEN Weishu (陳偉恕), aged 68, was appointed as an independent non-executive Director on 15 November 2010. Mr. Chen is primarily responsible for scrutinising and monitoring the performance of our Group. Mr. Chen is the consultant member of Shanghai Pudong Development Bank and the chairman of Academy for Would Watch. He served various positions including secretary general of the Research Centre for Economics of Fudan University, deputy head of world economics department and professor and head of international finance department, and also executive director and vice president of Shanghai Pudong Development Bank, CEO and deputy chairman of Shanghai Industrial Holdings Ltd., chairman of Shanghai Industrial Development Co. Ltd., vice chairman of Shanghai Industrial Investment (Holdings) Co. Ltd., independent director of Shanghai International Port (Group) Co., Ltd. (SSE: 600018), Deluxe Family Co., Ltd. (SSE: 600503), The Royal Bank of Scotland (China) Co. Ltd., and Suzhou Trust Co. Ltd. and senior consultant of Henderson Land Development Company Limited. He has more than 50 years of experience in the areas of economics, financial research and banking, and corporate management. Mr. Chen graduated from Fudan University with a master degree in economics. Save as disclosed above, he did not hold any directorship in other listed public companies in the last three years.

SENIOR MANAGEMENT

Mr. CHANG Fuquan (常福泉)

Mr. CHANG Fuquan (常福泉), aged 57, 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 26 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 Beijing McDonald's Food Co Ltd. (北京麥當勞食品有限公司) from 1994 to 1995 and as an accountant in each of Bohai Oil Corporation and Oil Drilling Service Co, both being subsidiaries of China National Offshore Oil Corporation from 1985 to 1992. Mr. Chang graduated from Xiamen University in the PRC in 1985, major in International Accounting. He completed a Master of Accounting Class in Xiamen University in the PRC in 1998.

Board of Directors and Senior Management

Mr. CHEN Guining (陳桂寧)

Mr. CHEN Guining (陳桂寧), aged 59, is our Chief Technical Officer. Mr. Chen joined our Group in May 2003. He is primarily responsible for aseptic packaging filling line production and maintenance. Mr. Chen has over 23 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 57, is our Converting Director. Mr. Lan, joined our Group in April 2012, is responsible for all converting plants in the Group. Mr. Lan has 27 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 51, is our Sales Director. Mr. Yang joined our Group in September 2003. He is primarily responsible for domestic sales. Mr. Yang has over 16 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.

REPORT OF THE DIRECTORS

The board of Directors of the Company (the "Board") presents its report together with the audited financial statements of the Company and the Group for the year ended 31 December 2014.

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.

RESULTS

The results of the Group for the year ended 31 December 2014 are set out in the consolidated income statement.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2014, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for 37.6% and 68.0%, 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 46.0% and 68.5%, respectively of the Group's total revenue for the year.

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

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 12 to the consolidated financial statements.

RESERVES

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

As at 31 December 2014, the Company had reserves available for distribution of RMB765.1 million (2013: RMB724.6 million).

Report of the Directors

DIRECTORS

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

Executive Directors

Mr. BI Hua, Jeff
Mr. LIU Jun (Appointed on 29 August 2014)

Non-Executive Directors

Mr. HONG Gang (Re-designated on 29 August 2014)
Mr. HILDEBRANDT James Henry (Resigned on 27 March 2014)
Mr. ZHU Jia
Mr. LEE Lap, Danny (Resigned on 27 March 2015)
Ms. SHANG Xiaojun (Resigned on 27 March 2014)

Independent Non-Executive Directors

Mr. LUETH Allen Warren
Mr. BEHRENS Ernst Hermann
Mr. CHEN Weishu

Mr. LIU Jun, Mr. HONG Gang, Mr. CHEN Weishu and Mr. BEHRENS Ernst Hermann will retire from office as Directors by rotation at the forthcoming annual general meeting. All of them, being eligible, will offer themselves for re-election pursuant to the Articles of Association of the Company (the "Articles").

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group as at the date of this annual report are set out on pages 17 to 20 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

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).

Report of the Directors

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 to the consolidated financial statements.

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

As at 31 December 2014, 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 position in the Shares and underlying Shares

Name of Director/ chief executive	No. of Shares	Notes	Capacity	Nature of interest	Percentage of total number of Shares in issue (%) (Note 4)
Hong Gang	78,141,966	1	Interest of controlled corporation	Long position	5.80%
	2,673,000	2	Interest of controlled corporation	Long position	0.20%
Total Long position	80,814,966				6.00%
Bi Hua, Jeff	129,000,000	3	Founder of a discretionary trust	Long position	9.57%

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. First installment of these options vested on 1 June 2013 and the second installment vested on 1 June 2014. 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. For the year ended 31 December 2014, 216,000 options lapsed after vesting and 5,000 options expired. For the year ended 31 December 2014, 160,000 share options were lapsed before the vesting periods and remained with Liwei. For the year ended 31 December 2014, 8,729,000 options have been exercised under the Pre-IPO Share Option Scheme. 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 1,347,646,300 Shares in issue as at 31 December 2014.

Save as disclosed above, as at 31 December 2014, 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 2014, 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)
Madam Xu Zhen	78,141,966	1	Interest of spouse	Long position	5.80%
	2,673,000	1	Interest of spouse	Long position	0.20%
	80,814,966				6.00%
Hill Garden	129,000,000	2	Interest of controlled corporation	Long position	9.57%
Foxing	129,000,000	2	Beneficial owner	Long position	9.57%
Phanron	78,141,966		Beneficial owner	Long position	5.80%
Wellington Management Company, LLP	169,457,082		Investment manager	Long position	12.57%
Madam Bi Wei Li	129,000,000	3	Interest of spouse	Long position	9.57%
GIC Private Limited	93,179,700		Investment manager	Long position	6.91%
FMR LLC	84,151,000		Investment manager	Long position	6.24%
Matthews International Capital Management, LLC	148,689,000		Investment manager	Long position	11.03%
Dominion Assets Limited	128,045,000	4	Beneficial owner	Long position	9.50%
Fiduco Trust Management AG	128,045,000	4	Interest of controlled corporation	Long position	9.50%
Tanoto Sukanto	128,045,000	4	Founder of discretionary trust	Long position	9.50%
Prudential plc	107,899,000	5	Interest of controlled corporation	Long position	8.01%
M&G Group Limited	107,899,000	5	Beneficial owner	Long position	8.01%
M&G Investment Funds (7)	71,155,000	6	Interest of controlled corporation	Long position	5.28%
M&G Securities Limited	71,155,000	6	Beneficial owner	Long position	5.28%

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) Dominion Assets Limited ("Dominion Assets") is directly interested in 128,045,000 Shares. Fiduco Trust Management AG ("Fiduco Trust") is interested in 100% of Dominion Assets and is deemed to be interested in 128,045,000 Shares. Tanoto Sukanto is the owner of a discretionary trust which in turns owns 100% of Fiduco Trust and therefore is deemed to be interested in 128,045,000 Shares.

(5) M&G Group Limited ("M&G Group") is directly interested in 107,899,999 Shares. Prudential plc ("Prudential") is interested in 100% of M&G Group. Therefore, Prudential is deemed to be interested in 107,899,999 Shares.

(6) M&G Securities Limited ("M&G Securities") is directly interested in 71,155,000 Shares. M&G Investment Funds (7) is interested in 100% of M&G Securities. Therefore, M&G Investment Funds (7) is deemed to be interested in 71,155,000 Shares.

(7) There were 1,347,646,300 Shares in issue as at 31 December 2014.

Save as disclosed above, and as at 31 December 2014, 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 CONTRACTS

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2014.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year 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.

CONNECTED TRANSACTIONS

During the year ended 31 December 2014, there were no connected transactions or continuing connected transactions 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 statements. None of these related party transactions constitute a discloseable connected transaction as defined under the Listing Rules.

Report of the Directors

PURCHASE, SALE OR REDEMPTION OF THE SHARES

During the year ended 31 December 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 31 December 2014, there was no material acquisition and disposal of subsidiaries and associated companies by the Company.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

During the year ended 31 December 2014, 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 2014 are set out in note 18 to the consolidated financial statements.

RETIREMENT SCHEMES

Information of the retirement schemes of the Group are set out in note 23 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 for Securities Transactions by Directors of Listed Issuers 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 2014.

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 2014.

DONATIONS

During the year ended 31 December 2014, the Group made donations to charity amounted to RMB100,000.

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 2014	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 2014
Liwei	1	22/11/2010	09/12/2010-22/11/2020	4.30	8,038,000	(5,365,000)	–	–	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	7,570,700	5,365,000	(8,729,000)	(221,000)	3,985,700
Total					15,608,700	–	(8,729,000)	(221,000)	6,658,700

Notes:

1. The Board approved Liwei to grant (by way of transfer) the Pre-IPO Options on 17 March 2011. Such Pre-IPO Options will only be transferred to the employees upon vesting. 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. 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.

2. During the year ended 31 December 2014, 5,365,000 Pre-IPO Options were vested, 221,000 Pre-IPO Options were lapsed/expired after vesting.

Report of the Directors

Share Option Scheme

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 during the year ended 31 December 2014.

PUBLIC FLOAT

During the year ended 31 December 2014, 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 of Association of the Company and the laws of the Cayman Islands.

Report of the Directors

DIVIDEND

The Board recommends the payment of a final dividend amounting to HK$134.3 million (HK$0.1 per Share, approximately RMB106.0 million in total) for the year ended 31 December 2014 (2013: HK$0.10 per Share, approximately RMB105.3 million in total). The proposed final dividend, if approved by shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting, shall be paid on or around 7 July 2015 to shareholders whose names appear on the register of members of the Company on 19 June 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 27 May 2015 to 29 May 2015, 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 26 May 2015.

In addition, the register of members of the Company will be closed from 17 June 2015 to 19 June 2015, 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 16 June 2015.

AUDITOR

PricewaterhouseCoopers has acted as auditor of the Company for the year ended 31 December 2014.

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 2015

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 2014.

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, 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 2014.

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 2014:

(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.

BUSINESS MODEL AND STRATEGY

Our mission is to create and add value to the liquid food industry and benefit consumers around the world. We committed to provide to our customers with customised, 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 for the year ended 31 December 2014 are set out on page 10 under Management Discussion and Analysis.

Corporate Governance Report

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.

Board Composition

As at 31 December 2014, the Board comprises eight members, consisting of two executive Directors, three 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)* (Appointed on 29 August 2014)

Non-Executive Directors
Mr. HONG Gang *(Chairman)* (Re-designated on 29 August 2014)
Mr. HILDEBRANDT James Henry (Resigned on 27 March 2014)
Mr. ZHU Jia
Mr. LEE Lap, Danny (Resigned on 27 March 2015)
Ms. SHANG Xiaojun (Resigned on 27 March 2014)

Independent Non-Executive Directors
Mr. LUETH Allen Warren
Mr. BEHRENS Ernst Hermann
Mr. CHEN Weishu

Mr. Lee Lap Denny has tendered his resignation as a non-executive Director with effective from 27 March 2015 because he has resigned from the post of managing director of Bain Capital Asia, LLC.

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.

Corporate Governance Report

During the year of 2014 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 will continue to monitor the implementation of this policy and report annually on the Board's composition under diversified perspectives.

Chairman and Chief Executive Officer

The Company fully supports the division of responsibility between the Chairman of the Board 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 and Mr. BEHRENS Ernst Hermann were re-appointed as executive Director and independent non-executive Director respectively for a term of two years commencing from 9 December 2014, terminable by not less than three months' written notice and are 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 2014, terminable by not less than three months' written notice and are subject to retirement in accordance with the Articles. Mr. LUETH Allen Warren was re-appointed for a term of two years commencing from 9 December 2013, terminable by not less than three months' written notice and is subject to retirement in accordance with the Articles. Mr. ZHU Jia was re-appointed as non-executive Director and Mr. CHEN Weishu was re-appointed as independent non-executive Director for a term of two years commencing from 9 December 2014 and are subject to the retirement in accordance with the Articles. Mr. LEE Lap, Danny was re-appointed as non-executive Director for a term of two years commencing from 9 December 2014 and has tendered his resignation as a non-executive Director with effect from 27 March 2015.

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).

Corporate Governance Report

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/herself for re-election by shareholders at the first general meeting of the Company after appointment and new Director appointed as an addition to the Board shall submit himself/herself 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. CHEN Weishu, the majority of them are independent non-executive Directors.

The following is a summary of work performed by the Nomination Committee during the year ended 31 December 2014:

(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 2014. 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. CHEN Weishu	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 2014 and up to the date of this report, all Directors namely Mr. BI Hua, Jeff, Mr. LIU Jun (appointed on 29 August 2014), Mr. HONG Gang (re-designated on 29 August 2014), Mr. ZHU Jia, Mr. LEE Lap, Danny (resigned on 27 March 2015), Mr. LUETH Allen Warren, Mr. BEHRENS Ernst Hermann and Mr. CHEN Weishu have participated in continuous professional development to develop and refresh their knowledge and skills in relation to their contribution to the Board.

Corporate Governance Report

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 2014 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 3 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 five Board meetings and one general meeting held during the year ended 31 December 2014. The attendance records of each Director at the Board meetings and general meeting during the year of 2014 are set out below:

Name of Director	Attendance/Number of meetings held	
	General meeting[Note]	Board meeting[Note]
Executive Directors		
Mr. BI Hua, Jeff	1/1	5/5
Mr. LIU Jun (Appointed on 29 August 2014)	0/0	2/2
Non-Executive Directors		
Mr. HONG Gang (Re-designated on 29 August 2014)	1/1	5/5
Mr. HILDEBRANDT James Henry (Resigned on 27 March 2014)	0/0	1/1
Mr. ZHU Jia	1/1	5/5
Mr. LEE Lap, Danny (Resigned on 27 March 2015)	1/1	5/5
Ms. SHANG Xiaojun (Resigned on 27 March 2014)	0/0	1/1
Independent Non-Executive Directors		
Mr. LUETH Allen Warren	1/1	5/5
Mr. BEHRENS Ernst Hermann	1/1	4/5
Mr. CHEN Weishu	1/1	5/5

Note: Denotes the number of general meeting/board meetings held during the Directors' appointment during the year ended 31 December 2014.

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/she has complied with the Model Code during the year of 2014 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 2014.

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, internal control and risk management 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. CHEN Weishu (chairman of the Remuneration Committee), Mr. BI Hua, Jeff, Mr. LUETH Allen Warren, Mr. BEHRENS Ernst Hermann and Mr. ZHU Jia. 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/her associates will participate in deciding his/her 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 2014:

(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 Director's fees to the Board for shareholder approval at the 2014 annual general meeting.

There was one meeting of the Remuneration Committee held during the year ended 31 December 2014. The attendance records of each member of the Remuneration Committee are set out below:

Members	**Attendance/Number of meetings held**
Mr. CHEN Weishu *(Chairman)*	1/1
Mr. ZHU Jia	1/1
Mr. BI Hua, Jeff	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 2014.

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.

Internal Control

The Board acknowledges that it is the responsibility of the Board for maintaining an adequate internal control system to safeguard shareholder investments and the Company's assets and reviewing the effectiveness of such system on an annual basis.

The Board has conducted a review of the effectiveness of the internal control system of the Company including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

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. CHEN Weishu. 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:

- 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

- 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

- To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures

During the year of 2014 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 2014, the annual results and annual report for the year ended 31 December 2014, the financial reporting and compliance procedures, the Company's internal control and risk management systems and processes, and the re-appointment of the external auditor.

The Audit Committee held two meetings during the year of 2014. 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. CHEN Weishu	2/2

External Auditor and Auditor's Remuneration

The statement of the external auditor of the Company about its reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report" on page 40.

Annual audit fees of the financial statements of the Group for the year ended 31 December 2014 payable to the external auditor are approximately RMB2.1 million (2013: RMB2 million). In addition, approximately RMB0.12 million (2013: RMB0.29 million) was incurred for other non-audit services.

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 2014.

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 recognises 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 2015 annual general meeting of the Company ("AGM") will be held on 29 May 2015. The notice of AGM will be sent to shareholders at least 20 clear business days before the AGM.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene an Extraordinary General Meeting

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 2014.

On behalf of the Board

Mr. HONG Gang
Chairman
Beijing, the PRC, 27 March 2015

Independent Auditor's Report

羅兵咸永道

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

We have audited the consolidated financial statements of Greatview Aseptic Packaging Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 42 to 88, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Independent Auditor's Report

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

OTHER MATTERS

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 March 2015

Consolidated Statement of Financial Position

As at 31 December 2014

Amount expressed in thousands except for share data

	Note	As at 31 December 2014	2013
ASSETS			
Non-current assets			
Property, plant and equipment	6	**1,239,701**	1,251,395
Land use rights	7	**14,615**	4,926
Intangible assets	8	**57,141**	54,214
Deferred income tax assets	19	**32,906**	29,455
Long-term prepayments	20	**1,304**	9,551
		1,345,667	1,349,541
Current assets			
Inventories	9	**494,886**	436,773
Trade and other receivables	10	**408,972**	582,027
Cash and cash equivalents	11	**489,561**	294,606
Restricted cash	11	**278,722**	91,364
		1,672,141	1,404,770
Total assets		**3,017,808**	2,754,311
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital, share premium and capital reserve	12	**990,771**	962,369
Statutory reserve	13	**175,117**	145,445
Exchange reserve		**(69,308)**	(22,684)
Retained earnings	14	**1,047,691**	1,011,652
Total equity		**2,144,271**	2,096,782

Consolidated Statement of Financial Position

As at 31 December 2014

Amount expressed in thousands except for share data

	Note	As at 31 December 2014	2013
LIABILITIES			
Non-current liabilities			
Deferred government grants	16	**105,282**	107,615
Deferred income tax liabilities	19	**6,400**	3,000
		111,682	110,615
Current liabilities			
Trade payables, other payables and accruals	17	**395,788**	337,684
Income tax liabilities		**30,028**	32,098
Borrowings	18	**336,039**	177,132
		761,855	546,914
Total liabilities		**873,537**	657,529
Total equity and liabilities		**3,017,808**	2,754,311
Net current assets		**910,286**	857,856
Total assets less current liabilities		**2,255,953**	2,207,397

The notes on pages 49 to 88 are an integral part of these consolidated financial statements.

The financial statements on pages 42 to 88 were approved by the Board on 27 March 2015 and were signed on its behalf.

Director
Bi Hua, Jeff

Director
Liu Jun

Statement of Financial Position

As at 31 December 2014
Amount expressed in thousands except for share data

	Note	As at 31 December 2014	2013
ASSETS			
Non-current assets			
Investments in subsidiaries	30	**221,801**	223,552
Amount due from a subsidiary	33	**700,700**	700,700
		922,501	924,252
Current assets			
Amount due from a subsidiary	33	**48,354**	19,059
Cash and cash equivalents		**15**	24
		48,369	19,083
Total assets		**970,870**	943,335
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital, share premium and capital reserve	12	**1,059,024**	1,030,622
Accumulated losses	14	**(89,902)**	(88,863)
Total equity		**969,122**	941,759
LIABILITIES			
Current liabilities			
Trade payables, other payables and accruals		**1,748**	1,576
		1,748	1,576
Total liabilities		**1,748**	1,576
Total equity and liabilities		**970,870**	943,335
Net current assets		**46,621**	17,507
Total assets less current liabilities		**969,122**	941,759

The notes on pages 49 to 88 are an integral part of these consolidated financial statements.

The financial statements on pages 42 to 88 were approved by the Board on 27 March 2015 and were signed on its behalf.

Director
Bi Hua, Jeff

Director
Liu Jun

Consolidated Income Statement

For the year ended 31 December 2014
Amount expressed in thousands except for share data

	Note	Year ended 31 December **2014**	2013
Revenue	21	**2,231,545**	2,159,533
Cost of sales	22	**(1,686,219)**	(1,580,305)
Gross profit		**545,326**	579,228
Other income	21	**37,841**	47,435
Other (losses)/gains — net	21	**(5,225)**	8,990
Distribution expenses	22	**(99,238)**	(105,227)
Administrative expenses	22	**(114,306)**	(113,552)
Operating profit		**364,398**	416,874
Finance income	25	**11,875**	3,867
Finance expenses	25	**(7,552)**	(3,978)
Profit before income tax		**368,721**	416,763
Taxation	26	**(89,024)**	(99,487)
Profit for the year		**279,697**	317,276
Profit attributable to:			
Equity holders of the Company		**279,697**	317,276
Earnings per share for profit attributable to equity holders of the Company			
— Basic earnings per share (RMB)	27	**0.21**	0.24
— Diluted earnings per share (RMB)	27	**0.21**	0.24

The notes on pages 49 to 88 are an integral part of these consolidated financial statements.

	Note	Year ended 31 December **2014**	2013
Dividends	28	**212,684**	105,270

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014
Amount expressed in thousands except for share data

	Year ended 31 December	
	2014	2013
Profit for the year	**279,697**	317,276
Other comprehensive income:		
Item that may be reclassified to profit or loss		
Currency translation differences	**(46,624)**	1,406
Total comprehensive income for the year	**233,073**	318,682
Attributable to:		
— Equity holders of the Company	**233,073**	318,682
Total comprehensive income for the year	**233,073**	318,682

The notes on pages 49 to 88 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014
Amount expressed in thousands except for share data

	Attributable to equity owners						
	Share capital (Note 12)	Share premium (Note 12)	Capital reserve (Note 12)	Statutory reserve (Note 13)	Exchange Reserve	Retained earnings (Note 14)	Total
As at 31 December 2012	11,423	786,857	139,517	113,079	(24,090)	833,058	1,859,844
Comprehensive income:							
Profit for the year	–	–	–	–	–	317,276	317,276
Other comprehensive income:							
Currency translation differences	–	–	–	–	1,406	–	1,406
Transactions with owners:							
Employee share options							
— Value of employee services	–	–	6,365	–	–	–	6,365
— Share options exercised	42	26,560	(8,395)	–	–	–	18,207
Transfer to statutory reserve	–	–	–	32,366	–	(32,366)	–
Dividends	–	–	–	–	–	(106,316)	(106,316)
Total transactions with owners:	42	26,560	(2,030)	32,366	–	(138,682)	(81,744)
As at 31 December 2013	11,465	813,417	137,487	145,445	(22,684)	1,011,652	2,096,782
Comprehensive income:							
Profit for the year	–	–	–	–	–	279,697	279,697
Other comprehensive income:							
Currency translation differences	–	–	–	–	(46,624)	–	(46,624)
Transactions with owners:							
Employee share options							
— Value of employee services	–	–	(1,751)	–	–	–	(1,751)
— Share options exercised	69	41,616	(11,532)	–	–	–	30,153
Transfer to statutory reserve	–	–	–	29,672	–	(29,672)	–
Dividends	–	–	–	–	–	(213,986)	(213,986)
Total transactions with owners:	69	41,616	(13,283)	29,672	–	(243,658)	(185,584)
As at 31 December 2014	**11,534**	**855,033**	**124,204**	**175,117**	**(69,308)**	**1,047,691**	**2,144,271**

The notes on pages 49 to 88 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014
Amount expressed in thousands except for share data

	Note	Year ended 31 December 2014	2013
Cash flows from operating activities			
Cash generated from operations	29	**462,544**	340,574
Interest paid		**(4,326)**	(3,873)
Income tax paid		**(91,145)**	(103,423)
Net cash generated from operating activities		**367,073**	233,278
Cash flows from investing activities			
Purchase of property, plant and equipment ("PPE")		**(151,303)**	(205,081)
Government grants received related to PPE		**13,229**	32,342
Proceeds from disposal of PPE		**555**	10
Purchase of land use rights		**(9,965)**	(2,440)
Purchase of intangible assets		**(5,762)**	(1,927)
Interest received		**9,280**	3,867
Net cash used in investing activities		**(143,966)**	(173,229)
Cash flows from financing activities			
Proceeds from issuance of shares		**30,153**	18,207
Proceeds from borrowings		**252,066**	818,470
Repayments of borrowings		**(94,308)**	(790,914)
Dividends paid to equity holders		**(213,986)**	(106,316)
Net cash used in financing activities		**(26,075)**	(60,553)
Net increase/(decrease) in cash and cash equivalents		**197,032**	(504)
Cash and cash equivalents at beginning of year		**294,606**	295,215
Exchange loss on cash and cash equivalents		**(2,077)**	(105)
Cash and cash equivalents at end of year		**489,561**	294,606

The notes on pages 49 to 88 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014
Amounts expressed in thousands unless otherwise stated

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 for soft drinks and beverages, and filling machines.

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.

These financial statements have been approved for issue by the Board of Directors on 27 March 2015.

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 International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention, except for as disclosed in the accounting policies below.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2014:

- Amendment to IAS 32, "Financial instruments: Presentation" on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group's financial statements.

- Amendments to IAS 36, "Impairment of assets", on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. It also enhanced the disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment did not have a significant effect on the Group's financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

Changes in accounting policy and disclosures *(continued)*

(a) New and amended standards adopted by the Group (continued)

- IFRIC 21, "Levies", sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 "Provisions". The interpretation addresses what the obligating event is that gives rise to the payment a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for the following set out below:

- IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

  Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact.

- IFRS 15, "Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the impact of IFRS 15.

- Annual improvements 2012.

- Annual improvements 2013.

- Annual improvements 2014.

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)*

2.1 Basis of preparation *(continued)*

Changes in accounting policy and disclosures (Continued)

(c) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

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 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. 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 Board that makes 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 cost". All other foreign exchange gains and losses are presented in the income statement within "other (losses)/gains — 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.

Depreciation on 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:

Land and Buildings	15–33 years
Machinery	5–15 years
Vehicles and office equipment	4–8 years

Depreciation on construction in progress will not commence depreciation 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Property, plant and equipment *(continued)*

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

2.7 Land use rights

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

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

2.8 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 4–10 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 and licences over their estimated useful lives of 10 years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Financial assets

2.10.1 Classification

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

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)

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.12 Impairment of financial assets

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.

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.

2.15 Cash and cash equivalents

Cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, 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 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 recognizes employee benefits as liabilities during the accounting period when employees render services and allocates to related cost of assets and expenses based on different beneficiaries.

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

2.22 Deferred 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 grant 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.23 Share-based payments *(continued)*

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

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.

2.24 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 for each of the Group's activities, 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 does not occur until 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 on a time-proportion basis 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, cash flow interest rate risk and price 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 receivables, trade payables and loans that are denominated in United States Dollars ("US$"), Hong Kong Dollars ("HK$") and EURO ("EUR"). Please refer to Note 10, 11, 17 and 18 for details.

At 31 December 2014, if RMB had weakened/strengthened by 2% against US$ with all other variables held constant, post-tax profit for the year would have been RMB3,296 (2013: RMB543) lower/higher, mainly as a result of foreign exchange losses/gains on translation of US dollar-denominated trade payables and borrowings.

Changes in HK$ or EUR against RMB would not have material impact on current year's profit after tax of the Group.

(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 2014, approximately RMB446 million (2013: RMB100 million) of the Group's cash and bank balances were at fixed rates, and approximately RMB322 million (2013: RMB286 million) of the Group's cash and bank balances was at floating rates.

As at 31 December 2014, RMB312 million (2013: RMB177 million) of the borrowings of the Group was at variable rates. The interest rates and maturities of the Group's borrowings are disclosed in Note 18.

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

At 31 December 2014, 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 RMB214 (2013: RMB221) higher/lower, mainly as a result of higher/lower interest income on floating interest rate.

At 31 December 2014, 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 RMB263 (2013: RMB147) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(iii) Price risk

The Group is not exposed to significant price risk as they do not hold equity financial assets or financial liabilities.

Amounts expressed in thousands unless otherwise stated

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(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 11) and trade receivables (Note 10). The Group's cash and bank balances are mainly placed with State-owned banks in the PRC and investment grade credit rated foreign banks, which management believes are of high credit quality.

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 factors such as customers' payment history.

(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 18). The Group maintains undrawn banking facilities to manage its working capital requirements.

The table below analyses the Group's and the Company'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.

Group	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
At 31 December 2013				
Borrowings	180,148	–	–	180,148
Trade and other payables	228,938	–	–	228,938
At 31 December 2014				
Borrowings	**342,512**	**–**	**–**	**342,512**
Trade and other payables	**291,210**	**–**	**–**	**291,210**

Company	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
At 31 December 2013				
Financial guarantee contracts	61,433	–	–	61,433
At 31 December 2014				
Financial guarantee contracts	**130,941**	**–**	**–**	**130,941**

The Company acts as the guarantor for external borrowings made to a subsidiary of the Group.

The Company considers that the fair value of the contract at the date of inception was not material, the repayment was on schedule and risk of default in payment was remote. Therefore no provision has been made in the financial statements for the guarantee.

Amounts expressed in thousands unless otherwise stated

3 FINANCIAL RISK MANAGEMENT *(continued)*

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 2013 is to maintain gearing ratio of less than 50%. The gearing ratio at 31 December 2014 and 2013 were as follows.

	As at 31 December	
	2014	2013
Total debt	**336,039**	177,132
Total equity	**2,144,271**	2,096,782
Gearing ratio	**16%**	8%

The increase in the gearing ratio during 2014 was mainly due to the increase in the total debt raised by the Group for the year ended 31 December 2014.

3.3 Fair value estimation

The Group's financial assets are classified as loans and receivables and are measured at amortised cost. The carrying amounts of the Group's financial assets, including cash and bank balances, trade and other receivables, notes receivables, approximate their fair values due to their short maturities.

The carrying amounts of the Group's financial liabilities are classified as other financial liabilities at amortised cost, including trade and other payables, notes payables and external borrowings are measured at amortised cost. The carrying amounts of the variable-rate borrowings approximate their fair values because the interest rates are aligned with market rates.

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. Refer to Note 8 for details of impairment testing of goodwill.

(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.

(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.

(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 changed.

Amounts expressed in thousands unless otherwise stated

5 SEGMENT INFORMATION

The Board is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Board which are used for making strategic decisions.

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

	PRC	International	Total
2014			
Sales	**1,843,997**	**387,548**	**2,231,545**
Cost	**(1,304,254)**	**(381,965)**	**(1,686,219)**
Segment result	**539,743**	**5,583**	**545,326**
2013			
Sales	1,859,000	300,533	2,159,533
Cost	(1,259,925)	(320,380)	(1,580,305)
Segment result	599,075	(19,847)	579,228

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

	Year ended 31 December	
	2014	2013
Segment result for reportable segments	**545,326**	579,228
Other income	**37,841**	47,435
Other (losses)/gains — net	**(5,225)**	8,990
Distribution costs	**(99,238)**	(105,227)
Administrative expenses	**(114,306)**	(113,552)
Operating profit	**364,398**	416,874
Finance income	**11,875**	3,867
Finance expense	**(7,552)**	(3,978)
Profit before income tax	**368,721**	416,763
Income tax expense	**(89,024)**	(99,487)
Profit for the year	**279,697**	317,276

Information on segment assets and liabilities are not disclosed as this information is not presented to the Board as they do not assess performance of reportable segments using information on assets and liabilities. The non-current assets excluding deferred tax assets (there is no employment benefit assets and rights arising under insurance contracts) amount to RMB1,312,761 (2013: RMB1,320,086).

Amounts expressed in thousands unless otherwise stated

5 SEGMENT INFORMATION *(continued)*

The following table presents sales generated from packaging materials:

	Year ended 31 December 2014	2013
Dairy products	**2,037,584**	2,024,939
Non-carbonated soft drink ("NCSD") products	**193,961**	134,594
	2,231,545	2,159,533

Revenue of approximately RMB1,415,921 or 63% (2013: RMB 1,408,737 or 65%) was derived from 2 (2013: 2) single external customers. Each of the external customers contributes more than 10% of the Group's revenue. These revenues are attributable to the PRC segment.

6 PROPERTY, PLANT AND EQUIPMENT

Group	Land and Buildings	Machinery	Vehicles and office equipment	Construction in progress	Leasehold improvements	Total
Cost						
As at 31 December 2012	314,523	918,050	46,631	56,309	2,404	1,337,917
Additions	815	1,713	5,305	295,825	–	303,658
Transfer upon completion	330	25,561	1,822	(27,713)	–	–
Disposals	–	–	(184)	–	–	(184)
Exchange differences	2,246	2,870	230	–	26	5,372
As at 31 December 2013	317,914	948,194	53,804	324,421	2,430	1,646,763
Additions	–	23,080	2,624	123,142	–	148,846
Transfer upon completion	72,499	224,197	6,528	(303,224)	–	–
Disposals	–	(731)	(1,183)	–	–	(1,914)
Exchange differences	(24,216)	(17,921)	(14,970)	(1,354)	(755)	(59,216)
As at 31 December 2014	**366,197**	**1,176,819**	**46,803**	**142,985**	**1,675**	**1,734,479**
Accumulated depreciation						
As at 31 December 2012	(15,437)	(279,488)	(11,296)	–	(60)	(306,281)
Current year depreciation	(11,525)	(69,601)	(7,134)	–	(334)	(88,594)
Current year disposals	–	–	176	–	–	176
Exchange differences	(186)	(428)	(45)	–	(10)	(669)
As at 31 December 2013	(27,148)	(349,517)	(18,299)	–	(404)	(395,368)
Current year depreciation	(12,667)	(85,065)	(7,009)	–	(170)	(104,911)
Current year disposals	–	160	1,136	–	–	1,296
Exchange differences	1,459	521	2,016	–	209	4,205
As at 31 December 2014	**(38,356)**	**(433,901)**	**(22,156)**	**–**	**(365)**	**(494,778)**
Net book value						
As at 31 December 2013	290,766	598,677	35,505	324,421	2,026	1,251,395
As at 31 December 2014	**327,841**	**742,918**	**24,647**	**142,985**	**1,310**	**1,239,701**

Amounts expressed in thousands unless otherwise stated

6 PROPERTY, PLANT AND EQUIPMENT *(continued)*

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

	Year ended 31 December	
	2014	2013
Cost of sales	**100,527**	85,394
Distribution costs	**155**	20
Administrative expenses	**4,229**	3,180
	104,911	88,594

(b) The Group's buildings are mainly located in the PRC and Germany. As at 31 December 2014, the net book value of assets located overseas was approximately RMB410,668 (as at 31 December 2013: RMB485,235).

(c) Construction in progress as at 31 December 2014 mainly comprises new production line being constructed in Mongolia, China.

7 LAND USE RIGHTS

Group	Year ended 31 December	
	2014	2013
Cost		
At beginning of the year	**5,360**	2,920
Additions	**9,965**	2,440
At end of the year	**15,325**	5,360
Accumulated amortisation		
At beginning of the year	**(434)**	(332)
Current year amortisation	**(276)**	(102)
At end of the year	**(710)**	(434)
Net book value	**14,615**	4,926

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 income statements.

Amounts expressed in thousands unless otherwise stated

8 INTANGIBLE ASSETS

Group	Goodwill	Computer Software	Trademarks	Total
Cost				
As at 31 December 2012	47,773	8,876	428	57,077
Additions	–	1,927	–	1,927
Exchange differences	–	54	–	54
As at 31 December 2013	47,773	10,857	428	59,058
Additions	–	5,762	–	5,762
Exchange differences	–	(391)	–	(391)
As at 31 December 2014	**47,773**	**16,228**	**428**	**64,429**
Accumulated amortisation				
As at 31 December 2012	–	(2,892)	(27)	(2,919)
Current year amortisation	–	(1,870)	(45)	(1,915)
Exchange differences	–	(10)	–	(10)
As at 31 December 2013	–	(4,772)	(72)	(4,844)
Current year amortisation	–	(2,421)	(52)	(2,473)
Exchange differences	–	29	–	29
As at 31 December 2014	**–**	**(7,164)**	**(124)**	**(7,288)**
Net book value				
As at 31 December 2013	47,773	6,085	356	54,214
As at 31 December 2014	**47,773**	**9,064**	**304**	**57,141**

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

Impairment tests for goodwill

The goodwill arose from acquisition of Greatview Aseptic Packaging (Shandong) Co., Ltd. in January 2005. As a result, the goodwill is allocated to this subsidiary, which is included in the PRC operating segment.

The recoverable amount of a cash-generated unit ("CGU") 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 three-year period using estimated growth rates which are based on past performance and their expectations of future development. Cash flows within the three-year period are extrapolated using the estimated growth rates stated below.

Amounts expressed in thousands unless otherwise stated

8 INTANGIBLE ASSETS *(continued)*

Impairment tests for goodwill *(continued)*

The key assumptions used for value-in-use calculations are as follows:

	Year ended 31 December	
	2014	2013
Discount rate	**12.1%**	12.0%
Growth rate	**3%**	3%

During the year no impairment of goodwill was recognised. No impairment loss would be expected should the discounted interest rate increased by 5%.

9 INVENTORIES

Group	As at 31 December	
	2014	2013
Raw materials	**398,554**	318,247
Work in progress	**25,357**	26,746
Finished goods	**80,300**	101,334
	504,211	446,327
Less: Provision for obsolescence		
— Raw materials	**(6,028)**	(4,407)
— Finished goods	**(3,297)**	(5,147)
	494,886	436,773

The cost of inventories recognised as expense and included in "cost of sales" amounted to approximately RMB1,676,627 (2013: RMB1,570,000).

Amounts expressed in thousands unless otherwise stated

10 TRADE AND OTHER RECEIVABLES

	As at 31 December 2014	2013
Trade receivables	**263,896**	433,038
Less: Provision for impairment	**(4,962)**	(3,827)
Trade receivables — net	**258,934**	429,211
Notes receivable	**69,370**	100,866
Value added tax deductible	**25,737**	22,357
Prepayments	**27,012**	34,377
Less: Provision for impairment	**(8,681)**	(8,681)
Prepayments — net	**18,331**	25,696
Other receivables	**36,600**	3,897
	408,972	582,027

The Group does not hold any collateral as security.

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 2014	2013
Trade receivables	— RMB	**213,586**	392,076
	— EUR	**43,994**	31,834
	— US$	**6,316**	9,128
		263,896	433,038
Notes receivable	— RMB	**69,370**	100,866
Other receivables	— RMB	**36,591**	3,401
	— HK$	**–**	349
	— EUR	**9**	147
		36,600	3,897

Amounts expressed in thousands unless otherwise stated

10 TRADE AND OTHER RECEIVABLES *(continued)*

The ageing analysis of trade receivables as at 31 December 2014 and 2013 is as follows:

	As at 31 December	
	2014	2013
Trade receivables, gross		
0–30 days	**138,303**	303,133
31–90 days	**55,451**	105,098
91–365 days	**52,097**	21,106
Over 1 year	**18,045**	3,701
	263,896	433,038

The credit terms granted to customers by the Group were generally 0 to 90 days (2013: 0 to 90 days) during the year. Trade receivables of RMB67,476 (2013: RMB100,257) 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 trade receivables is as follows:

	As at 31 December	
	2014	2013
Up to 90 days	**54,697**	89,356
91 to 365 days	**24,877**	10,901
	79,574	100,257

Trade receivables of RMB4,962 (2013: RMB3,827) were impaired and provided for. The amount of the provision was RMB4,962 (2013: RMB3,827).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	
	2014	2013
91 to 365 days	**1,118**	126
Over 365 days	**3,844**	3,701
	4,962	3,827

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

	As at 31 December	
	2014	2013
At beginning of the year	**(3,827)**	(4,578)
Provision for impairment	**(1,135)**	(259)
Reversed during the year	**–**	1,010
At end of the year	**(4,962)**	(3,827)

Amounts expressed in thousands unless otherwise stated

11 CASH AND BANK BALANCES

(a) Cash and cash equivalents

Group	As at 31 December 2014	2013
Cash at bank and on hand	**277,252**	249,606
Bank deposits	**212,309**	45,000
	489,561	294,606

(b) Restricted cash

As at 31 December 2014, RMB278,722 (2013: RMB91,364) 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:

Group	As at 31 December 2014	2013
RMB	**638,387**	351,246
US$	**109,262**	3,674
EUR	**20,384**	28,936
GBP	**–**	139
HK$	**250**	117
CHF	**–**	1,858
	768,283	385,970

12 SHARE CAPITAL, SHARE PREMIUM AND CAPITAL RESERVE

		Group As at 31 December		Company As at 31 December	
	Note	2014	2013	2014	2013
Share capital	(a)	**11,534**	11,465	**11,534**	11,465
Share premium	(a)	**855,033**	813,417	**855,033**	813,417
Capital reserve	(b)	**124,204**	137,487	**192,457**	205,740
		990,771	962,369	**1,059,024**	1,030,622

(a) Share capital and share premium

Share capital — Group and Company

The total authorised number of ordinary shares is 3,000,000,000 shares (2013: 3,000,000,000 shares) with a par value of HK$0.01 per share (2013: HK$0.01 per share). The number of ordinary shares issued is 1,347,646,300 (2013: 1,338,917,300) with nominal value of HK$0.01 per share (2013: HK$0.01 per share). All issued shares are fully paid.

Share premium — Group and Company

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 Main Board of the Stock Exchange.

Amounts expressed in thousands unless otherwise stated

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

(b) Capital reserve

	Group		Company	
	2014	2013	**2014**	2013
As at 1 January	**137,487**	139,517	**205,740**	207,770
Share options-value of employee services	**(1,751)**	6,365	**(1,751)**	6,365
Share options exercised	**(11,532)**	(8,395)	**(11,532)**	(8,395)
As at 31 December	**124,204**	137,487	**192,457**	205,740

13 STATUTORY RESERVE

	2014	2013
As at 1 January	**145,445**	113,079
Transfer from retained earnings	**29,672**	32,366
As at 31 December	**175,117**	145,445

In accordance with PRC regulations and the Articles of Association of the PRC subsidiaries, the PRC subsidiaries of the Group 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.

14 RETAINED EARNINGS/(ACCUMULATED LOSS)

	Group		Company	
	2014	2013	**2014**	2013
As at 1 January	**1,011,652**	833,058	**(88,863)**	(62,792)
Profit for the year	**279,697**	317,276	**212,947**	80,245
Transfer to statutory reserve	**(29,672)**	(32,366)	**–**	–
Dividends paid	**(213,986)**	(106,316)	**(213,986)**	(106,316)
As at 31 December	**1,047,691**	1,011,652	**(89,902)**	(88,863)

The profit attributed to equity holders of the Company is dealt with in the financial statements of the Company to the extent of RMB212,947 (2013: RMB 80,245).

Amounts expressed in thousands unless otherwise stated

15 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. Prior 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.

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

	Options (thousands)	
	2014	2013
At 1 January	**13,096**	16,251
Granted	**–**	3,236
Forfeited	**(160)**	(695)
Lapsed	**(221)**	(379)
Exercised	**(8,729)**	(5,317)
At 31 December	**3,986**	13,096

Out of the 3,986,000 (2013: 13,096,000) outstanding options, 3,986,000 (2013: 7,571,000) options were exercisable as at year end. Options exercised in 2014 resulted in 8,729,000 shares being issued at a weighted average price of HK$4.30 each. The related weighted average share price at the time of exercise was HK$5.17 per share. The related transaction costs amounting to HK$100,000 have been netted off with the proceeds received.

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

Expiry Date	Vested Date	Options (thousands)	
		2014	2013
1 June 2014	1 June 2012	**–**	2,447
1 June 2015	1 June 2013	**1,214**	5,124
1 June 2016	1 June 2014	**2,772**	5,525
		3,986	13,096

Amounts expressed in thousands unless otherwise stated

15 SHARE-BASED PAYMENTS *(continued)*

The total expense recognised in the consolidated income statement for the year ended 31 December 2014 for share options amounted to RMB(1,751) (2013: RMB6,365), with a corresponding amount debited/credited in capital reserve.

16 DEFERRED GOVERNMENT GRANTS

Group	As at 31 December	
	2014	2013
Opening net amount at beginning of the year	**107,615**	80,498
Additions	**13,228**	32,342
Amortisation	**(5,647)**	(5,225)
Exchange adjustments	**(9,914)**	–
Closing net amount at end of the year	**105,282**	107,615
At the end of the year		
Cost	**128,663**	114,490
Less: accumulated amortisation	**(12,702)**	(6,875)
Exchange adjustments	**(10,679)**	–
Net book amount	**105,282**	107,615

The government grant amounting to RMB10 million and RMB15 million 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 EUR8.7 million, EUR1.8 million and EUR1.3 million were received by a subsidiary of the Group from the State of Saxony-Anhalt, Germany in 2012, 2013 and 2014 for the purchase of machinery and construction of building in Europe. The government grant amounting to RMB3 million received by a subsidiary of the Group in 2014 were for the scientific research of new type diary packaging.

17 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2014	2013
Trade payables	**222,263**	191,585
Notes payables	**44,746**	4,508
Advances from customers	**24,062**	23,091
Accrued expenses	**76,150**	69,241
Salary and welfare payable	**14,594**	15,400
Other payables	**9,607**	17,954
Value added tax payable	**4,366**	15,905
	395,788	337,684

Amounts expressed in thousands unless otherwise stated

17 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS *(continued)*

The ageing analysis of the Group's trade payables at the date of each statement of financial position of the year is as follows:

	As at 31 December	
	2014	2013
Within 30 days	**163,345**	132,334
31–90 days	**57,207**	57,154
91–365 days	**910**	937
Over 365 days	**801**	1,160
	222,263	191,585

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	
		2014	2013
Trade payables	— RMB	**108,441**	87,802
	— US$	**92,651**	82,767
	— EUR	**21,171**	21,016
		222,263	191,585
Salary and welfare payable	— RMB	**14,204**	15,400
	— EUR	**390**	–
		14,594	15,400
Other payables	— RMB	**9,609**	17,262
	— HK$	**2**	–
	— EUR	**(4)**	692
		9,607	17,954

18 BORROWINGS

Group		As at 31 December	
		2014	2013
Current			
Unsecured bank borrowing	— US$	**70,195**	109,632
	— HK$	**60,745**	–
	— EUR	**–**	50,800
		130,940	160,432
Secured bank borrowing	— US$	**171,050**	16,700
	— EUR	**34,049**	–
		205,099	16,700
Total current borrowings		**336,039**	177,132
Total borrowings		**336,039**	177,132

Amounts expressed in thousands unless otherwise stated

18 BORROWINGS *(continued)*

The unsecured borrowing of RMB70,195 dominated in US$ bears interest at the higher of 1.25% per annum over LIBOR or the bank's cost of fund, with a maturity date of 120 days from the date of each drawdown. The effective interest rate is 1.75% (2013: 1.88%) per annum. The unsecured borrowing of RMB60,745 dominated in HK$ bears interest at the higher of 1% per annum over LIBOR or the bank's cost of fund, with no fixed maturity date. The effective interest rate is 1.36% (2013: 1.88%) per annum.

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

	As at 31 December	
	2014	2013
Within 1 year	**336,039**	177,132
	336,039	177,132

As of 31 December 2014, the Group has 4 borrowing facilities (31 December 2013: 2) with a total limit of US$130,000 and EUR15,000 (31 December 2013: US$70,000). The amounts of the unutilised borrowing facilities are as follows:

	As at 31 December	
	2014	2013
Floating rate:		
— Expiring within one year	**595,243**	279,093
	595,243	279,093

19 DEFERRED INCOME TAXES

Group	As at 31 December	
	2014	2013
Deferred tax assets	**32,906**	29,455
Deferred tax liabilities	**(6,400)**	(3,000)
Deferred tax assets (net)	**26,506**	26,455

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

	As at 31 December	
	2014	2013
At beginning of the year	**26,455**	15,556
Recognised in the income statement (Note 26)	**51**	10,899
At end of the year	**26,506**	26,455

Amounts expressed in thousands unless otherwise stated

19 DEFERRED INCOME TAXES *(continued)*

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 tax assets	Accrued expenses	Government grants	Impairments and provisions	Total
At 1 January 2013	8,110	2,165	9,872	20,147
Recognised in the income statement	5,929	3,814	(435)	9,308
At 31 December 2013	14,039	5,979	9,437	29,455
Recognised in the income statement	2,965	501	(15)	3,451
At 31 December 2014	**17,004**	**6,480**	**9,422**	**32,906**

Deferred tax liabilities	Withholding tax
At 31 December 2012	4,591
Recognised in the income statement	(1,591)
At 31 December 2013	3,000
Recognised in the income statement	3,400
At 31 December 2014	**6,400**

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 (mostly expiring within 5 years) for which no deferred tax asset were recognised in the statement of financial position was approximately RMB58,440 (2013: RMB85,609).

20 LONG-TERM PREPAYMENTS

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

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

	Year ended 31 December	
	2014	2013
Sales of products	**2,231,545**	2,159,533
Other income:		
— Income from sales of scrap materials	**15,664**	17,282
— Subsidy income from government	**22,177**	30,153
	37,841	47,435
Other (losses)/gains — net		
— (Loss)/gain on disposal of assets	**(995)**	2
— Foreign exchange (loss)/gain	**(9,632)**	9,021
— Others	**5,402**	(33)
	(5,225)	8,990

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

Amounts expressed in thousands unless otherwise stated

22 EXPENSES BY NATURE

	Year ended 31 December	
	2014	2013
Raw materials and consumables used	**1,369,620**	1,337,102
Changes in inventories of finished goods and work in progress	**22,423**	(8,558)
Tax and levies on main operations	**9,425**	9,936
Provision for obsolescence on inventories	**(229)**	(21)
Depreciation and amortisation charges:	**107,660**	90,611
— *Depreciation of property, plant and equipment*	**104,911**	88,594
— *Amortisation of intangible assets*	**2,473**	1,915
— *Amortisation of land use right*	**276**	102
Provision for impairment of receivables and prepayment	**1,135**	(751)
Employee benefit expenses (Note 23)	**179,308**	160,764
Auditors' remuneration	**2,100**	2,040
Transportation expenses	**51,433**	54,305
Repair and maintenance expenses	**26,143**	18,502
Electricity and utilities	**34,509**	32,729
Rental expenses	**7,989**	8,122
Plating expenses	**9,637**	9,243
Professional fees	**7,927**	7,028
Travelling expenses	**14,074**	14,619
Advertising and promotional expenses	**15,370**	6,232
Other expenses	**41,239**	57,181
Total cost of goods sold, distribution expenses and administrative expenses	**1,899,763**	1,799,084

23 EMPLOYEE BENEFITS

The analysis of employee benefits is as follows:

	Year ended 31 December	
	2014	2013
Wages and salaries (including discretionary bonuses)	**140,771**	129,177
Employer's contributions to pension scheme and others	**40,288**	25,222
Share options granted to employees (Note 15)	**(1,751)**	6,365
	179,308	160,764

Amounts expressed in thousands unless otherwise stated

24 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The remuneration of directors of the Company was as follows:

Name of Director	Fees	Salary	Discretionary bonuses	Housing Allowance	Other benefits	Employer's contribution to pension scheme	Total
Year ended 31 December 2013:							
Executive directors							
Mr Bi Hua, Jeff	160	2,420	307	–	213	31	3,131
Mr Hong Gang	160	1,125	151	12	24	36	1,508
Non-executive directors							
Mr Hildebrandt James Henry	–	–	–	–	–	–	–
Mr Zhu Jia	–	–	–	–	–	–	–
Ms Shang Xiaojun	–	–	–	–	–	–	–
Mr Lee Lap, Danny	–	–	–	–	–	–	–
Independent non-executive directors							
Mr Lueth Allen Warren	160	–	–	–	–	–	160
Mr Behrens Ernst Hermann	160	–	–	–	–	–	160
Mr Chen Weishu	160	–	–	–	–	–	160
	800	3,545	458	12	237	67	5,119
Year ended 31 December 2014:							
Executive directors							
Mr Bi Hua, Jeff	**158**	**2,418**	**330**	**–**	**255**	**53**	**3,214**
Mr Liu Jun	**53**	**1,086**	**152**	**–**	**62**	**40**	**1,393**
Non-executive directors							
Mr Hong Gang	**105**	**638**	**96**	**–**	**16**	**34**	**889**
Mr Hildebrandt James Henry (resigned on 27 March 2014)	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Ms Shang Xiaojun (resigned on 27 March 2014)	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Mr Zhu Jia	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Mr Lee Lap, Danny (resigned on 27 March 2015)	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Independent non-executive directors							
Mr Lueth Allen Warren	**158**	**–**	**–**	**–**	**–**	**–**	**158**
Mr Behrens Ernst Hermann	**158**	**–**	**–**	**–**	**–**	**–**	**158**
Mr Chen Weishu	**158**	**-**	**-**	**-**	**-**	**-**	**158**
	790	**4,142**	**578**	**–**	**333**	**127**	**5,970**

In year 2014 and 2013, Mr. Bi Hua, Jeff, who is the executive director, is also the chief executive.

Amounts expressed in thousands unless otherwise stated

24 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included 2 directors (2013: 2), whose emoluments were reflected in the analysis presented above. The emoluments payable to the remaining three individuals during the year are as follows:

	Year ended 31 December	
	2014	2013
Basic salaries, housing allowances, other allowances and benefits in kind	**3,162**	3,687
Discretionary bonuses	**783**	553
Pension	**79**	65
	4,024	4,305

The emoluments fell within the following bands:

	Year ended 31 December	
	2014	2013
Emolument bands		
HK$0–HK$500,000	**–**	–
HK$500,001–HK$1,000,000	**–**	–
HK$1,000,001–HK$1,500,000	**2**	1
HK$1,500,001–HK$2,000,000	**–**	1
HK$2,000,001–HK$2,500,000	**1**	1
	3	3

During the year, no director or the five highest paid individuals received any emolument from the Group as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

(c) Senior management remuneration by band

The number of individuals emoluments fell within the following bands:

	Year ended 31 December	
	2014	2013
Emolument bands		
HK$0–HK$500,000	**–**	–
HK$500,001–HK$1,000,000	**–**	1
HK$1,000,001–HK$1,500,000	**3**	3
HK$1,500,001–HK$2,000,000	**–**	1
HK$2,000,001–HK$2,500,000	**1**	1
	4	6

Amounts expressed in thousands unless otherwise stated

25 FINANCE INCOME AND FINANCE EXPENSES

	Year ended 31 December	
	2014	2013
Interest income — cash and cash equivalents	**11,875**	3,867
Finance income	**11,875**	3,867
Interest expense — bank borrowings	**(4,326)**	(3,873)
Exchange loss on borrowings and cash and cash equivalents	**(3,226)**	(105)
Finance expenses	**(7,552)**	(3,978)

26 INCOME TAX EXPENSE

	Year ended 31 December	
	2014	2013
Current income tax:		
Enterprise income tax ("EIT")	**89,075**	110,386
Deferred tax:		
Origination and reversal of temporary differences	**(51)**	(10,899)
Taxation	**89,024**	99,487

The Group's subsidiaries established in the PRC are subject to the PRC statutory income tax of 25% (2013: 25%) on the taxable income for the year. Hong Kong profits tax has been provided at rate of 16.5% for the current year (2013: 16.5%). Subsidiaries in Switzerland and Germany were in loss position and no income tax has been provided.

Another subsidiary, 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 2014.

Amounts expressed in thousands 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	
	2014	2013
Profit before tax	**368,721**	416,763
Tax calculated at domestic tax rates applicable to profits in the respective countries	**90,506**	112,338
Withholding tax on dividends	**10,550**	3,000
Preferential tax treatment for subsidiaries	**(18,518)**	(24,811)
Income not subject to tax	**(2)**	(142)
Expenses not deductible for taxation purposes	**357**	433
Tax losses for which no deferred tax asset was recognised	**8,152**	10,952
Utilisation of previously unrecognised tax losses for which no deferred income tax was recognised	**(889)**	(367)
Others	**(1,132)**	(1,916)
Tax charge	**89,024**	99,487

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 Group by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2014	2013
Profit attributable to equity holders of the Company	**279,697**	317,276
Weighted average number of ordinary shares in issue (thousands)	**1,343,744**	1,335,933
Basic earnings per share (RMB per share)	**0.21**	0.24

(b) Diluted earnings per share

Dilutive 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 has one category of dilutive potential ordinary shares: 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.

Amounts expressed in thousands unless otherwise stated

27 EARNINGS PER SHARE *(continued)*

	Year ended 31 December	
	2014	2013
Profit attributable to equity holders of the Company	**279,697**	317,276
Weighted average number of ordinary shares in issue (thousands)	**1,343,744**	1,335,933
Adjustments for share options (thousands)	**426**	702
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**1,344,170**	1,336,635
Diluted earnings per share (RMB per share)	**0.21**	0.24

28 DIVIDENDS

The dividends paid in 2014 and 2013 were HK$268,656 (HK$0.10 per share, approximately RMB213,986 in total) and HK$133,513 (HK$0.10 per share, approximately RMB106,316 in total) respectively. A dividend in respect of the year ended 31 December 2014 of HK$0.10 per share, amounting to a total dividend of HK$134,306 (approximately RMB105,951 in total) is to be proposed by the Board at the forthcoming annual general meeting. These financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2014	2013
Dividends proposed and paid during the year	**106,733**	–
Proposed final dividend of HK$0.10 (2013: HK$0.10) per ordinary share	**105,951**	105,270
	212,684	105,270

Amounts expressed in thousands unless otherwise stated

29 CASH GENERATED FROM OPERATIONS

	Year ended 31 December	
	2014	2013
Profit before income tax	**368,721**	416,763
Adjustments for:		
— Amortisation of intangible assets and land use right	**2,749**	2,017
— Amortisation of deferred revenue	**(5,647)**	(5,225)
— Depreciation of property, plant and equipment	**104,911**	88,594
— Impairment provision for trade and other receivables	**1,135**	(751)
— Provision for obsolescence on inventories	**(229)**	(21)
— Gain on disposal of property, plant and equipment	**67**	(2)
— Share-based payment	**(1,751)**	6,365
— Finance income — net	**(4,323)**	111
— Foreign exchange losses/(gains) on operating activities	**9,632**	(9,021)
Changes in working capital:		
— Inventories	**(57,884)**	38,343
— Trade receivables, other receivables and prepayments	**(23,644)**	(245,624)
— Trade payables, other payables and accruals	**68,807**	(49,025)
Cash generated in operations	**462,544**	340,574

Non-cash transaction

In 2013 and 2014, there was no significant non-cash transaction.

30 INVESTMENT IN SUBSIDIARIES

	As at 31 December	
	2014	2013
Unlisted shares, at cost	**221,801**	223,552

Amounts expressed in thousands unless otherwise stated

30 INVESTMENT IN SUBSIDIARIES *(continued)*

Particulars of the subsidiaries of the Group as at 31 December 2014 are set out below:

Name	Place of incorporation/ establishment/ operation	Principal activities	Legal status	Issued or registered/ paid up capital	Effective interest held as at December 31 2014
Directly owned:					
Partner One	British Virgin Island	Investment holding	Limited liability company	US$2	100%
Indirectly owned via Partner One:					
Global Land International Industries Limited	Hong Kong	Investment holding	Limited liability company	HK$10,000	100%
Greenone Co., Ltd	PRC	Research and development of multi-layers food packaging materials	Limited liability company	RMB10,000,000	100%
Greatview Holdings	Hong Kong	Investment holding	Limited liability company	HK$10,000	100%
Greatview Aseptic Packaging (Shandong) Co., Ltd.	PRC	Production and sale of packaging products	Limited liability company	US$44,000,000	100%
Greatview Beijing Packaging Equipment Co., Ltd.	PRC	Production and sale of filling machines	Limited liability company	RMB10,000,000	100%
Greatview Aseptic Packaging (Inner Mongolia) Co., Ltd.	PRC	Production and sale of packaging products	Limited liability company	US$20,000,000	100%
Greatview Aseptic Packaging Europe GmbH	Switzerland	Sale of packaging products	Limited liability company	CHF50,000	100%
Greatview Beijing Trading Co.,Ltd.	PRC	Sale of packaging products and equipment and related technical development services	Limited liability company	US$750,000	100%
Greatview Aseptic Packaging Manufacturing GmbH	Germany	Production and sale of packaging products	Limited liability company	EUR25,000	100%
Greatview Aseptic Packaging Service GmbH	Germany	Sale of packaging products	Limited liability company	EUR25,000	100%

Amounts expressed in thousands 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	
	2014	2013
Contracted but not provided for		
— Property, plant and equipment	**25,073**	25,303

(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	
	2014	2013
No later than 1 year	**6,180**	1,548
Later than 1 year and no later than 5 years	**12,687**	4,464
Later than 5 years	**–**	303
	18,867	6,315

32 RELATED PARTY TRANSACTIONS

The following transactions took place between the Group and related parties at terms agreed between the parties.

Key management compensation

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

	As at 31 December	
	2014	2013
Salaries and other short-term employees benefits	**9,823**	10,280
Social security cost	**249**	247
	10,072	10,527

33 AMOUNT DUE FROM A SUBSIDIARY

The amount due from a Group's subsidiary is unsecured and interest free. The amount of approximately RMB48,354 is repayable on demand, and no repayment schedule for the remaining RMB700,700 in the foreseeable future.

34 CONTINGENT LIABILITIES

On 17 September 2010, the Group received a notice informing it that a competitor ("Tetra Pak") has filed a complaint in Germany against subsidiary companies of the Group. The named defendants in the notice are Tralin Pak Europe GmbH (renamed Greatview Aseptic Packaging Europe GmbH in 2011) and Tralin Packaging Company Limited (together in the following "Tralin Pak"); alleging patent infringement related to aseptic packaging material. In December 2011, the Court denied the complaint and found Tetra Pak liable for the costs of the proceedings ("the Judgement"). On 16 January 2012, Tetra Pak filed a notice of appeal to Düsseldorf Higher Regional Court against the Judgement. As at 31 December 2014, 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 2014, the appeal was under process at EPO. Based 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.